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FROM WAR TO WORK



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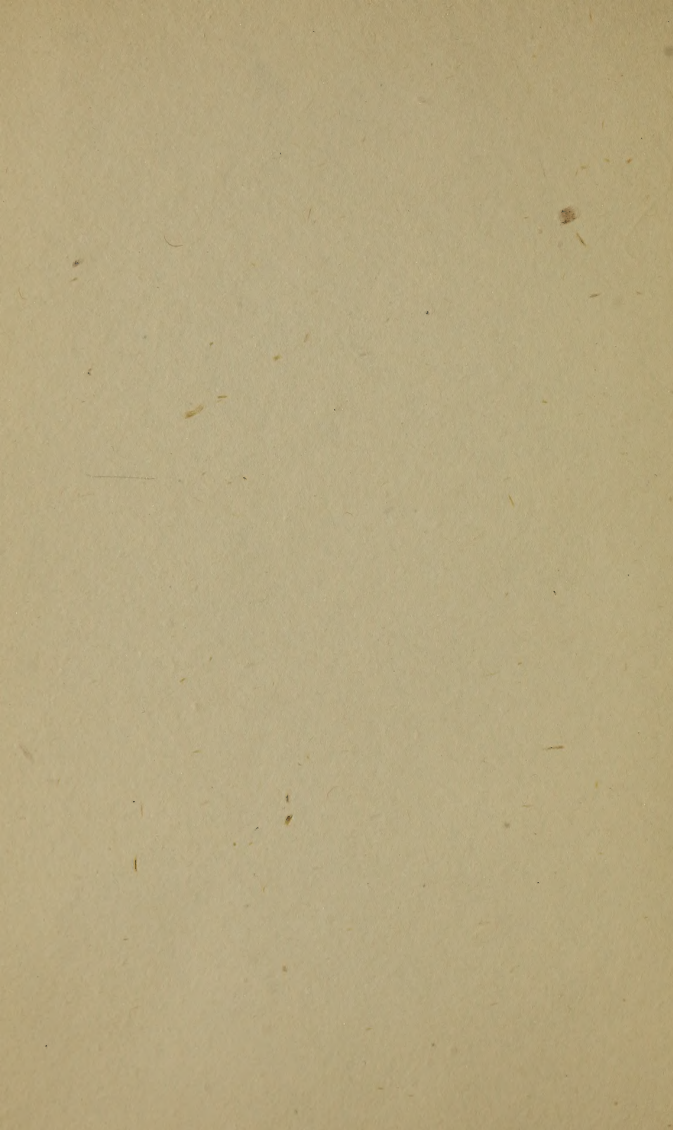
**SAMUEL
TURNER**

Part Author of "Eclipse or Empire?"

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BY

SAMUEL TURNER

Joint-Author of "Eclipse or Empire?"



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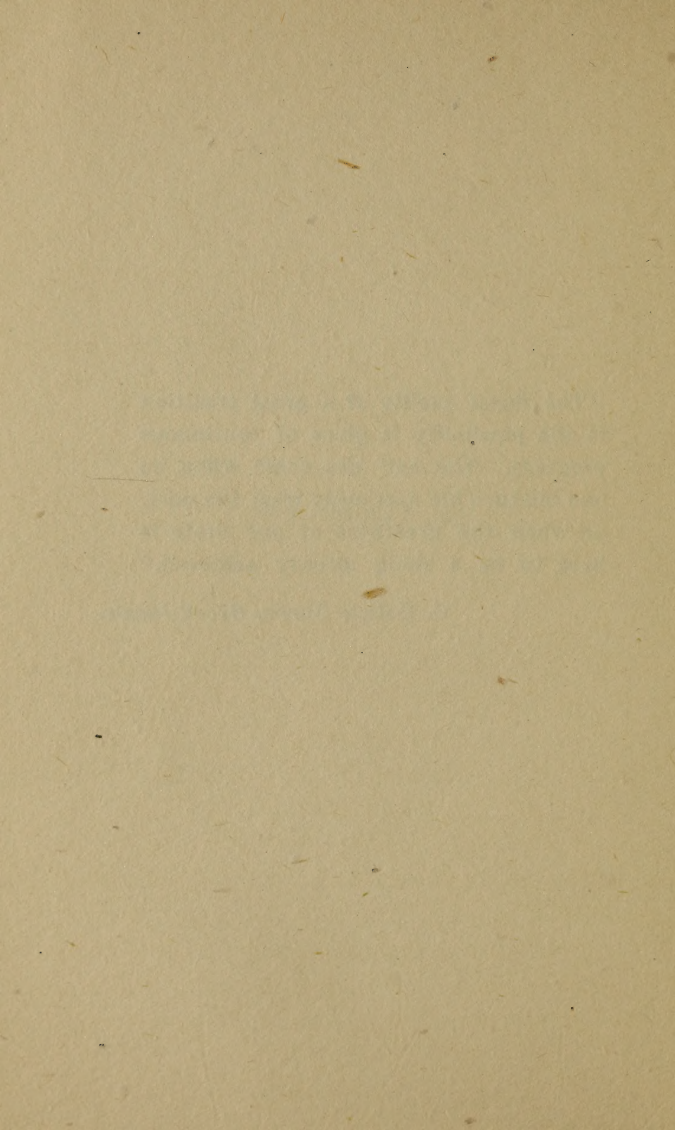
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“The finest quality of a great tradition is the possibility it gives of continuous progress. The end has come when no one can turn his eyes away from the past, or when the greatness of our State is held to be a thing already achieved.”

C. Delisle Burns, *Greek Ideals*.



THE AMERICAN POINT OF VIEW

“ WE are not going to have the trouble here that Britain had with restriction of production. There has not been any restriction of output for over thirty years in America. We in the United States have followed an entirely different policy. We say to the employers, ‘ Bring in all the improved machinery and new tools that you can find. We will help you to improve them still further, and we will get the utmost product out of them ; but what we insist on is the limitation of the hours of labour for the individual to eight per day. Work two shifts a day if you please, or work your machinery all round the twenty-four hours if you like with three shifts, and we will help you, but we insist on the normal working day with full physical effort. We will not agree to that overwork producing the poison of over-fatigue which destroys the maximum of production, undermines the health of the individual worker,

and destroys his capacity for daily industrial effort.' ”

Mr. Samuel Gompers, President of the American Federation of Labour, representing 2,000,000 workers, in an interview on Labour and Dilution. *The Observer*, July 8th, 1917.

THE POINT OF VIEW OF THE LABOUR PARTY OF GREAT BRITAIN

“IN the disposal of the surplus above the Standard of Life, society has hitherto gone as far wrong as in its neglect to secure the necessary basis of any genuine industrial efficiency or decent social order. We have allowed the riches of our mines, the rental value of the lands superior to the margin of cultivation, the extra profits of the fortunate capitalists, even the material outcome of scientific discoveries—which ought by now to have made this Britain of ours immune from class poverty or from any widespread destitution—to be absorbed by individual proprietors; and then devoted very largely to the senseless luxury of an idle rich class. Against this misappropriation of the wealth of the community, the Labour Party—speaking in the interests not of the wage-earners

alone, but of every grade and section of producers by hand or by brain, not to mention also those of the generations that are to succeed us, and of the permanent welfare of the community—*emphatically protests*. One main Pillar of the House that the Labour Party intends to build is the future appropriation of the Surplus, not to the enlargement of any individual fortune, but to the Common Good. It is from this constantly arising Surplus (to be secured, on the one hand, by Nationalisation and Municipalisation, and, on the other, by the steeply graduated Taxation of Private Income and Riches) that will have to be found the new capital which the community day by day needs for the perpetual improvement and increase of its various enterprises, for which we shall decline to be dependent on the usury-exacting financiers.”

Extract from *Labour and The New Social Order*, in which is set forth the proposed programme of the Labour Party. January 1st, 1918.

FOREWORD

ONE or two of the chapters of this book have previously appeared in somewhat different form in the *Sunday Chronicle*. My thanks are due to the Editor for this courtesy.

I desire also to acknowledge the help I have received from my many friends in its compilation, and particularly that of Stuart Hodgson, who has taken the rough output of my inexperienced pen and clothed it with whatever style it may be found to possess.

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FROM WAR TO WORK

INTRODUCTION

“Darius summoned some Greeks and asked them for what sum they would eat of the dead bodies of their parents. They answered that they would not do it for any money. Darius then summoned some Indians, who were accustomed to eat their dead parents, and asked them in the presence of the Greeks, for what sum they would consent to burn their fathers when they died. But they implored him not to mention such things.”

EVIDENTLY people's views and prejudices differed as widely two thousand five hundred years ago as they do at the present day.

“Man does not live by bread alone”: the whole of his history is a tragic confirmation of the fact. It is not the less true that the attempt to ignore material needs in an exclusive devotion to the things of the spirit has always failed. The ages and the nations which have made it have not been the great ages nor the leading nations in mankind's progress—even in ethics and morals. For societies, as for individuals, the middle way in this, as in so many other matters, is the way of safety. Incalculable harm has been done during the past half-century in this country by the failure to admit on certain

questions vital to the life of the community the truth of this fundamental principle of balance.

This little book is an attempt, however immature and full of shortcomings, to show in their true light one or two of the great forces which go to make or mar nations. Whatever other criticisms it may provoke, I hope I shall not be accused of insincerity; for whatever may be thought of my point of view, it is at least set out with an entire honesty of purpose. I am convinced that the disastrous lack of unity of aim and object in our national life in pre-war days was due in the main to the lack of any general understanding of what national life is. The vast majority of us never reached any real conception of the relation of the individual to industry, to agriculture, to politics, to the national institutions generally. To the average worker in this country the whole scheme of things seemed an aimless chaos; and millions of them found in the war their first opportunity for real self-expression. Probably the most lasting and the most really satisfying of human joys comes to a man from activity expressed in good work; it is at least doubtful whether any real measure of health, happiness, and prosperity is possible on any other basis. When men by the million do not know what they are about, is it strange that the State is riven with internecine strife and disorder?

There appears to me to be no hope of harmony between Labour and Capital until

both can be persuaded to approach their problems from an entirely new point of view. So long as the worker believes that the employer's hand is in his—the worker's—pocket, it is a sure waste of time to seek a ground of agreement between them. It would be just as reasonable to propose a working arrangement between householders and burglars. Clearly, no such agreement is possible; but it is equally impossible in the case of Capital and Labour, until the meaning of the processes of industry is at least fairly understood by both. Until the meaning and ultimate value to all, individually and socially, of such factors in their relations as production and profits and wages are understood, there is, in my opinion, no hope of any change for the better in our social relationships.

Production is either good for the individual and the community, or it is bad; profits are either good for the individual and the community, or they are bad; high wages, organised conditions of work, regulated working hours—all these and similar things are in like manner either a boon or a curse to the individual and the community. They are too important to the most intimate issues of life to be merely indifferent. I have earnestly tried in the following pages to set out what I believe to be the truth on some of these matters. I have done so, not with the idea of propounding any dogmatic solution to problems so difficult that their final solution will probably be a work of genera-

tions, and so vast in themselves that no one man can without an absurd arrogance presume to speak with authority upon them all ; but in the hope of rousing my countrymen generally to think and to act upon them. Nations are made or unmade by the thinking and the acting of their citizens : and what matters most of all is the thinking, for the acting follows upon it. Russia and Siberia have, probably, far greater natural resources and far greater potential wealth than America ; but because their peoples have thought and acted in a certain way, the history of their national development has been disappointing. America is America simply because her citizens have thought and acted with wisdom, shrewdness, and energy. Many will be content with the inference that in the development of nations, it is education that counts. It is true. But men's real education begins when school-days end. The three greatest educational influences in the world are environment, example, and opportunity. For the process of education, properly understood, is the process of fostering and directing growth. The actual educating every man, woman, and child must do for him or her self : all that can be done for them, as for plants, is to create the right atmosphere, the right environment, the right measure of opportunity.

Dr. Arthur Shadwell, writing in his book, *Industrial Efficiency*, gives ample confirmation of this in the case which we are considering. He says : " It is curious how English workmen in

particular throw off their old habits in the course of a few months and fall into local ways and the local spirit. I have no doubt at all that climate, which is the great standing condition influencing customs and character, is a powerful factor in this transformation. But there is a spirit in the air which is not all due to climate—the spirit of endeavour, of expansion, of belief in a great destiny in which every individual shares. It is an inspiring atmosphere, and does not fail to affect even the adult immigrant. But the instrument by which assimilation is most systematically effected is education acting on the children, who are regularly taught pride in American citizenship, the glory and splendour of patriotism. That is a great thing.”

We all know that change is eternal; but we have been content hitherto to seek to adapt ourselves to it, as to something more or less outside our control: we have made little or no attempt to control or direct the changes which an impotent and foolish fatalism calls destiny. My appeal is for a more intelligent and a more manly attitude. Let us endeavour at least to give conscious direction to the inevitable changes of the future. Let us aspire to be the engineers and the masters, not the mere slaves, of our fate. By all means let us build schools for our children; but let us also build the greatest school of all for a nation—the school of environment and opportunity for its people. We have been prone to regard social legislation in the past as a mechanical pro-

cess, having for its ultimate aim that every one who opened his mouth wide enough should be fed. That is the direct path to destruction : for it involves a flat defiance of natural law, and for the individual or the State that defies that law, Nemesis waits, inevitable and inexorable. The statesmanship of the future will abandon this spoon-feeding, seeing it as the social danger which it is ; but also, I hope, for the better reason that those who have been content to live on this process in the past will refuse in the future to be insulted further. But the hope of this new statesmanship rests absolutely in a change of the national will and temper. If we want our statesmen to create opportunity and environment—to organise the game of life, so to speak, so as to assure that the best man shall win—we must tell them so. They will only do it when the mass of the nation demands it. It is in promoting that demand—in helping to spread the right point of view—that every man can contribute his share to the making of the new Britain. For it is upon the point of view that everything depends. The classical story which I have set at the head of this chapter is merely an illustration of how much “thinking makes it so” in a nation’s institutions and habits. The better life lies before us. We have but to demand it, and it is ours for the asking.

But a sane criticism of the past will not, of course, deny the good that was in the old system side by side with the abuses that sprang from it. Unregulated and disordered

as the old industrialism manifestly was, it yet gave great results. *The case against it is that it gave only a fraction of the results which an ordered and regulated system will give, as I shall show.* And it is from the disorder, and not from the system, that the evils have proceeded. What argument is there against curing this old industrial disorder? Let us take a concrete case. Let us assume that our statesmen recognise as their first task the duty of investigating and regulating the limitation of working hours, and the limitation of wages—in the sense of defining the lowest rate to be paid. Let us assume that as the result of careful investigation a minimum wage and an eight hours' day were decided to be social necessities. Who could object? What abuses could possibly develop from these considered changes comparable to the abuses of the old blind method? The principle of growth would not be interfered with: the minimum wage would remain a minimum—to be increased by industry and intelligence. There would be no violation of the spirit of the natural law. And if it be argued that all interference of this sort is a violation of natural law, then the charge lies equally against the older industrialism. For that too did not allow even the least effective to die from starvation, but only to live a starved and useless life. It had its work-houses, and it kept them full. The minimum wage might on investigation prove to be merely a logical extension of the idea imperfectly and disastrously expressed in the work-

house. And that we are bound to travel beyond the bare workhouse idea is in any case certain.

The Report of the Reconstruction Committee on the Poor Law, just issued, is a practical admission of it.

I am not advocating these particular changes. All I am advocating is definite research into the advisability of such experiments, and the ending once for all of the industrial chaos which has brought many men to despair and the country to the brink of ruin.

CHAPTER I

THE CONSCIOUS AIM

“ When, however, the ravages of the enemy at length ceased, the island began to abound with such plenty of grain as had never been known in any age before : with plenty, luxury increased, and this was immediately attended with all sorts of crimes : in particular, cruelty, hatred of truth and love of falsehood : insomuch that if any one among them happened to be milder than the rest and inclined to truth, all the rest abhorred and persecuted him as though he had been the enemy of his country.”—Bede’s *Ecclesiastical History*, ch. xiv.

NATIONS die in peace : they are born in war. The effects of continued prosperity are not always so swift or so startling as in this description by the Venerable Bede of the state of the unfortunate Britons of the fifth century, who seem, to judge from their old historian, to have been relieved from the incessant pressure of their ferocious foes only to fall instant victims to their own vices. But, broadly speaking, I think it is clear that the effects on national character, both of war and of long-continued peace, have been in the past fairly constant. The old Roman, who could not go five miles outside his city without meeting an enemy, laid the foundations of a world-power : among the peaceful prosperous citizens of the Empire thus founded, knowing no enemy but infinitely remote and barbarous

tribes, the seeds of that power's destruction grew apace. In the incessant quarrels of the little Greek States, no one of them bigger than an English county town, were laid the foundations of almost all that matters in modern art, literature, and even some branches of science. Alexander's Empire hushed the quarrels; but it closed, too, the glorious page of Greek history. The laws of national life and death, of growth and decay, have not varied in the modern world: relatively recent history has seen the rise to national consciousness under the stern pressure of foreign aggression of Switzerland and Holland, of modern Italy and the Balkan States. There might have been no United States had there been no George III.; and Bismarck would probably have laboured in vain had there been no Napoleon before him.

Great Britain's great development followed the Napoleonic wars; America's great development followed the Civil War; Germany's great development followed the Franco-Prussian War.

How, without despairing of humanity, is the apparently monstrous anomaly to be explained that the noble creative work of the human spirit does thus flourish in the horrors of war, and wither and decay in the mild blessings of peace?

I think the riddle is not inexplicable in the light of the individual experience. The effect on nations as on individuals of periods of stern stress is to stimulate their latent capacities and arouse them from mere idleness and self-

indulgence: but above all to endow them with a definite aim which they have perforce to recognise. And that is, on the whole, probably the greatest gift which can be given to man, rarely as it may be recognised.

Religion has been defined as an attempt by man to introduce into life "a central aim": that is to say, to give to the mystery of life some plan, some form—to make it mean something. Those who arrive at such an understanding simply and sincerely are plainly to be envied: for they above all men come to possess the one supreme condition of happiness, peace of mind. Comparatively few probably ever really face the fact that without a definite conscious aim anything but a disordered fretful existence is almost out of the question. Most of us are content to live, spiritually and intellectually, from hand to mouth; and wonder and complain that the results are not more satisfactory. The instinct to "press towards a mark" is deep rooted in man's heart. Ideals—even extravagant and fantastic ideals—have only to be set up to find men who will eagerly pursue them. For the meanest of them is a promise to satisfy the yearning after fulness of life which causes such travail of soul to the many poor unfortunates who have not had the good fortune to arrive, instinctively or by the way of reason, at some measure of understanding of life's values. In the wilderness, any signpost is a godsend, if it be but legible. It is an assurance to the wanderer that he is at least going somewhere.

But if it is true to say that no ordered, happy life is possible for the individual without a conscious aim, it is even more true of communities. Hope and faith are the planks which keep the individual afloat in the troubled waters of life; communities, if they are to develop an orderly peaceful existence, must cling fast to the same refuge. To neither the individual nor the community is a full and worthy life possible without a conscious aim, carrying within it the germ of faith and hope for the future.

To make clear the real import of this simple truth, let us examine it in its application to our own national life. No student of human affairs would deny that before the war we had reached a condition of affairs as far removed from an ordered social life as could well be conceived among peaceable decent people; and the main reason for this was the lack of any conscious aim. We were not even conscious of a national existence at all. There was civil war between the men and the women of our country. Between Labour and Capital a condition bordering upon anarchy existed. The nation was divided into factions, each fighting for its own hand, without regard to the general interest.

But what was the real cause of the unnatural war between man and woman in this country? The main reason was simply that our society, allowed to develop anyhow, had left its women, or at any rate many of them, with no adequate place in its processes. That they were worthy of a place they have

amply proved. In former generations women, hard as their lot in many ways might be, had their definite spheres. They made the food ; they made the clothes ; they were usefully employed in hundreds of ways, and had the just pride of an indispensable class, doing essential social work. But we did them out of their jobs. Clothes and food came to be made in factory and workshop, and a great body of women were left with no clear place in the work of the community. For—and this was the tragedy of it—neither man nor woman ever really understood the true meaning of the workshop, nor how in the last analysis it may be made the greatest of all instruments to bring “fulness of life” to all. So the woman made war upon the man ; for she had lost her conscious aim in life, the sense of dignity which comes from valuable service done, the faith and hope for the future in which her part was apparently denied.

Labour’s discontent arose from very much the same cause. I believe until the war came millions of our young men never really knew why they were alive. They had worked all their lives, but without any conscious aim in their work. Hence the extraordinary array of false doctrines and false theories to which these intellectual exiles readily subscribed. They believed that they worked to make others rich : they thought that “only they” worked, and denied the title of “worker” altogether to anybody but the manual worker. They despised intellect, never realising—for they were never taught—

that they owed all that is best in life to brain and not to muscle. It is clear that nothing was ever fashioned by the hand of man that was not first conceived and born of his brain ; but they did not understand this. They preferred the palatable half-truths of Karl Marx, who told them that all wealth was the creation of labour. It is only last year that the great Labour Party has included within its scope workers by brain as well as by hand. Do we need any further evidence that intellect was despised by the workers in our midst?

I shall show fully later on the fallacy of these ideas. Profits are essential to the process of production only for the same reason that sunshine is essential to the life of the garden. Profits and sunshine must be accepted for the present, if not for ever, because without them, under existing conditions, there would be neither industry nor flowers. No doubt when our civilisation has evolved the necessary character and stamina, we may dispense with profits ; in all probability our scientists will then have discovered for us a substitute for sunshine. In the world as it is, it is profits, generally first and foremost, which tempt men to strive and to begin to build that great social high-road to progress, well-being, happiness, health, and prosperity, which I call Production. No society ever travelled far except along that road. Then why discourage the builders ?

No reasonable man would argue that to destroy things, which is the function of war,

is a greater and nobler work than to create things, which is the function of industry. Yet the work of creation disgusted the worker: the call to destruction carried him off his feet in such a wave of enthusiasm that millions threw down their tools to grasp the sword. Why? Because the tools meant nothing to them, and free men demand for ever to know why. The sword, on the other hand, did mean something: and knowing why, they went with laughter to a work and a sacrifice such as was never asked of men before. For the first time these millions had a conscious aim in life: and what they did, speaks more for the power which that consciousness gives than any word of mine can do.

Yet the old inequalities of industry and the social order exist in the Army. There, too, some men get the dirty jobs, and some the clean. Some men are the targets, some are not. Some shoulder the rifle, some draw maps, some work with the hand, and some with the brain. Some march to certain death: some watch them go, and plan how the next battalion may do the same thing at less cost. Here are all the processes of industry—the same inequalities of opportunity, the same inequalities of pay; yet—in this field—nothing but enthusiasm, nothing but eagerness to get the job done. A shilling a day and a joyous heart at the Front, ten shillings a day and incessant strikes at home. Why? Because the soldier-worker knew that his work was worth while.

I shall try to show in succeeding chapters

that there is nothing to prevent the spirit which has shown itself at the Front being developed, with results certainly no less great in our workshops and our factories. The essential condition is that men shall understand that it is worth while, and that in the processes of production they are fulfilling an integral part in the great offensive of peace.

To help to bring about such an understanding will be my aim in this little book. I shall attempt to explain, quite simply and sincerely, the true meaning of the great Peace Offensive which we must undertake as a nation if we are to give to our people good homes, good schools, good food, good clothes, and above all the ideals upon the realisation of which all these things depend.

Undoubtedly there will be some disagreeable incidents in the process. Certain people may grow rich in it who do not really deserve to do so. But did every man get a V.C. in the war who deserved to do so? Not a bit of it: and nobody minded, for the job was worth while as a whole.

Everything depends upon our attitude of mind. Wounds are luxuries in Flanders. Beer at sixpence a pint is said to be brewing revolution at home.

It is the point of view which almost alone matters in the achievement of the great task before us.

CHAPTER II

THE DISORDERED LIFE

BEFORE proceeding further, let me ask you to consider a little more in detail the effects on our own national life in the past of the lack of that conscious aim of which I have spoken. Everybody knows the results in the individual case. The world is full of men and women who appear to have no aim either in their work or in their play—Micawbers without the optimism and good humour of the original, who drift through life dissipating their energies spasmodically, to become in the end a burden to themselves and all connected with them. But the life of a nation is only the outward expression of the habits of thought of the individuals who compose it. I think a very brief examination of the theories—or, more properly, the catchwords—which formed the intellectual stock in trade of great classes before the war will convince any one that there was nowhere any intelligent appreciation of the aim and meaning of our national life.

The worker held that machinery was an evil. This dogma arose no doubt from the evils which unfortunately attended its introduction. In many instances he refused bluntly to use

machinery at all. That is the one reason of the notorious inferiority in mechanical equipment of the British to the American engineering shop. It was seriously held that the employment of machinery meant the creation of unemployment. I shall demonstrate in a later chapter that this idea is utterly false.

The worker believed, again, that wealth is the creation, solely, of labour. Intellectual Socialists may wish to qualify this bald theory by seeking to show that Marx intended to include workers by brain as well as workers by hand. But I know what is preached in the squares and street corners of our northern towns. It is simply that the worker is the sole producer of wealth. Till quite recently—perhaps even now—the average worker believed that. More absurd nonsense was, of course, never foisted upon an unsuspecting class.

I would lay down the following principle without fear of successful contradiction — “*the smaller the amount of labour—i.e. physical effort—employed, in relation to the task accomplished, the greater the wealth produced.*” Thus in Siberia, where labour is as plentiful as the sands on the seashore, the labourers hardly produce enough wealth to give to each the barest of animal necessities. Here is labour, limitless oceans of it, with no directing ability. Contrast this with America, where labour is so scarce that special agents spend their lives scouring the world for immigrants, where labour has been more scarce than in any country in the world, and what do we find? That this labour, directed by the

ability of the American manager and enjoying the use of capital, produces far greater wealth per unit employed than is produced by labour in any other country. To make this point clearer, I would point to what is perhaps the most dramatic example of this truth, at present known.

The Ford factory in Detroit employs immigrants, very largely, many many thousands of them. These men are of various nationalities—Poles, Letts, Slavs, Italians, etc., and it is probably true to say that in their native surroundings they never earned more than a shilling or two at the outside, a day. Yet thousands of these men, *i.e.* “labour,” who never in their lives earned more than the barest pittance, cross the ocean. They are absorbed in a great industrial organisation, where thanks to the directing ability of a higher intelligence than their own, they are paid when accepted twenty shillings a day for eight hours’ work. In the land of their birth their working day would doubtless be from sunrise to sundown. Did this labour create even the wealth it absorbs in Detroit? Assuredly not! Thus the truth is: not that labour creates all wealth, but that directing ability and invention, coupled with the intelligent use of capital, create all that part of wealth which exceeds the barest animal subsistence. Labour unassisted and undirected by intelligence has never been able, under the most favourable conditions, to win more than the wherewithal for a simple primitive existence.

Whilst this process was going on to a greater or lesser extent in all parts of the United States, British engineers were paid about 7s. to 8s. per day, and their labourers about 5s. per day. Let us assume an average of 6s. per day for all employees in the average British engineering establishment. Now if the whole of the earnings of Capital, Directing Ability, Invention and Labour in such an establishment had been paid to the Labour, would this sum have sufficed to pay to each man the 20s. per day paid to the Italians and Poles, etc., in the Ford factory? By no means: thus it will be seen that in the absence of *the fullest measure of directing ability unhampered and undiscouraged* by any influence whatever, the total earnings of Capital, Invention, Directing Ability, and Labour do not equal the share of such earnings falling to Labour, where directing ability finds its full and untrammelled expression, which is the case in the Ford works.

For precisely these same reasons, the wage of the Chinese agricultural labourer is about 35s. a year, sufficient for his bare maintenance and no more; the ordinary working man's wage in Wenchow is 120s. per year. The American earns about £3 to £4 per week;¹ and he has been feeding the world as well as himself with the tools which the intellect of America has placed in his hands. With these facts obvious to whoever will consent to look at them, what could be more futile than the contention that labour, and labour alone, is

¹ Pre-war.

the sole source of wealth, or that machinery is a bane to the worker? Yet the British worker before the war persisted in regarding machinery as a dangerous rival which would rob him of his livelihood; and case after case could be cited where British trades have been ignominiously beaten by their foreign competitors owing entirely to the operation of this prejudice.

The workers have for years been told by those who seek to instruct them in their true interests, that the operations of Capitalists are prejudicial to the real welfare of the working man. It is difficult to prove or disprove this contention within the limits of time generally given by the average man to the study of such subjects. I venture to call attention, however, to a most significant fact, which will I think cause many to modify their hastily accepted views on this most important subject, and it is this: At all times the migration of labour, nationally and internationally, has been towards those areas where, for the time being, the operations of Capitalists were most active.

Now why, if Capital is harmful to labour, is the whole geographical movement of labour towards Capital and not away from it? I leave this thought here; to me, it seems that only one conclusion can be drawn from it.

The employers of the old school held fast no less firmly to the theory that low wages were an essential condition of cheap production. It is not true: and the consequences of this false theory have been as disastrous

as those which followed from the mistaken outlook of the workers. In the book which Dr. Gray and I recently published, *Eclipse or Empire?* we gave evidence which seems to me conclusive to show that in the last forty years this country has failed to maintain its relative position in the field of invention. One important contributory cause of this decline is undoubtedly the low wages theory. *Low wages and invention are mutually antagonistic.* It will be found, I think, invariably, that as the curve of wages rises, so too does the curve of invention. High wages and invention are cause and effect. Low wage countries do not invent.

Now these conflicting influences, acting upon a community entirely adrift and without conscious aim or plan, resulted in the complete demoralisation of industrial life which was manifest before the war. If the worker had been clearly shown that no one benefits more from high production than the consumer, and that he is the consumer, his attitude towards this matter would have been very different. If the employer had not subscribed so readily to the dogmas of the Manchester School, it is clear that his attitude towards wages would have been different too. And if both had been really conscious that in building up industry they were not working in the last analysis for wages and profits but for the far more important end of creating a fabric upon which the very existence of the community depended, doubtless far less would have been heard of "labour troubles."

Yet it is true that industry, properly understood, has not for its ultimate end the making of profits, but the creation of commodities necessary for the ordered development of our expanding civilisation. Wages and profits are merely means to this end—the only means at present known which enable us to carry on the process of production, distribution, and exchange effectively. And it must be carried on effectively; for upon the success with which this is achieved depends the possibility of progress in all other activities.

It would be easy to produce other instances of the sort of dogma accepted before the war almost universally as a substitute for truth and an easy escape from the trouble of thinking. It would not be less easy to illustrate the disastrous effect which a continued diet of cheap fallacies must inevitably have upon any nation. But I have said enough to make clear the point which I am anxious here to emphasise. These ideas could never have gained currency—or at any rate the currency they did—if the nation at large had possessed any well-grounded national consciousness, any sense, such as the German nation had, however villainously perverted, of their place and mission in the scheme of things. On the contrary, any nation which is without some such conscious aim is necessarily a prey to the first plausible theorist. It is the house swept and garnished of the parable: and there is never any lack of devils to enter in. If then the terrible

ordeal of the war is not to have been suffered in vain, if its conclusion is not to witness a renewal of the process of decay which was sapping the very springs of our national life, we must at all costs maintain the national consciousness which the war has aroused, or party spirit and doctrinaire fallacies will assuredly resume their process of destruction. Without it, all the efforts of individuals are foredoomed to failure; with it, despite all the loss and ruin which the war has inflicted upon us, the hope of the future was never brighter.

CHAPTER III

THE PEACE OFFENSIVE—IN THEORY

GRANTED, then, the need of a conscious aim, and admitting that the lack of such an aim has been one of the chief causes of all our troubles in the past, what is the aim to be, and how is it to be realised? Let us take these questions in their order, and endeavour to arrive at an answer to them before proceeding further.

These islands have a population of about 45,000,000 men, women, and children, only a few of whom really have as many of the good things of life—commodities—as they would like to have. That simple fact is an important contributory cause of the “unrest” which figures so prominently in all public discussions. Let us call the population *P*, and the commodities consumed by it before the war, *C*. And let us suppose that the value before the war of both *P* and *C* was, say, 1000. The ambition of all and every one may then be stated simply thus—that *C* should in future be 2000, in order that we all may have more of the amenities of life.

Before the war we were constantly told that every one was fully occupied. Why then should we bother about increasing home

production by tariffs or otherwise ? We could not produce more. If we supplied more to our home market, we should simply be obliged to export less, and consequently to import less, and no one would be benefited. The normal producing capacity of the country absorbed its workers. The country had to produce the greater part of its home consumption in any case. In order to get raw materials and food a given amount of goods had to be exported. If then under these conditions population and consumption balanced—if P was 1000 and C 1000—how is it possible to meet the demand of all classes for more commodities, and the wider, freer life which more commodities mean ?

It is obvious that if in producing our pre-war consumption—of 1000—plus our exports, we absorbed our entire working population, our organisation and methods of work must be radically altered in order, with the same population, to raise the consumption to 2000 plus exports. Can this be done without asking any one to work any harder ? There is no doubt that it can, and quite easily. How ? By harmonising to the full extent the powers of man, of management, and of machinery: by the application, that is, of brains to the problems of production.

Let us examine this proposition. We have withdrawn from industry and agriculture probably six million men, yet by speedy improvisation we have managed to produce a greater quantity of goods than ever. It

is, of course, true that we have drawn for war purposes upon new supplies of labour of unsuspected extent and efficiency. The place of the men withdrawn has been filled to some extent by the thousands of women who have applied themselves to the task with so rare an energy and devotion ; and the thinned ranks have been further recruited from men who before the war were either under-employed or not employed at all. But the enthusiasm of these recruits could never by itself have even maintained the pre-war rate of output in the face of the huge drain of skilled labour. What has actually happened ? Under the stern stimulus of the war we have, since its outbreak, invented more, and achieved more by way of industrial adaptation and reorganisation, than during the preceding twenty-five years of peace. I have made this statement before many audiences of representative men. I have never had it refuted. What have been the causes of this remarkable development ? To begin with, scores of millions of pounds' worth of improved productive machinery have been either built here or imported. That is one cause of the sudden increase in our industrial and agricultural production. Then old standards and methods of production have been scrapped. Only the other day my friend, Mr. W. D. Watson, the well-known Electrical Engineer, said to me : " What miracles we are achieving ! At the beginning of the war I promised 10,000 finished parts weekly of a certain appliance

from my workshop, and only did so with great reluctance, for I never expected to be able to do it. You will be surprised to hear that in the selfsame shop we have succeeded in producing 250,000 finished parts in a single week." "How did you do it?" I asked. "Oh, I now realise to the full the possibilities of the science and practice of standardisation. I have applied my knowledge, and this is the result."

Something like that has happened in industry after industry. Our annual steel output before the war was 7,000,000 tons. Now it is 12,000,000 tons. By the end of 1918 it will, I venture to predict, be 14,000,000 to 16,000,000 tons. This year we expect to turn out from our shipyards a far greater aggregate tonnage of all kinds of shipping than ever before. The railroads have sent thousands and thousands of waggons abroad. I am informed that now only half the number of waggons are running on British railroads that were running before the war in 1913. Yet our railways are carrying a greater weight of goods than in pre-war days. There are only half the waggons. But they are carrying more goods. Agriculture is developing as it never did before in our history. We are to bring another three million acres into arable land from pasture. And how? Simply by employing machinery—more and more machinery. Under the driving force of great peril, we have achieved this miracle. Six million men—nearly half our working population—have been withdrawn from in-

dustry; yet our output has been increased on almost every hand.

But if to save our country we can achieve this extraordinary result, with the majority of our best workers withdrawn, is it unreasonable to suppose that after the war, with many of them back, we can continue the process of increasing our production for an object after all just as vital as that which called forth this great effort—the object of enabling each and all of us to enlarge our lives by the enjoyment of ample commodities of every sort?

We were producing before the war goods which enabled us to enjoy a consumption of 1000. We have fully made up our minds that we will double that figure—that our consumption, and necessarily therefore our production, shall in future be 2000. To prevent the Germans destroying us, we have already done more than this relatively, having regard to our reduced numbers; unfortunately our production has been wholly for purposes of destruction. The hurry of the process has prevented us doing things as well as they might have been done. The fact remains that if we will revitalise all our industries after the war as we have revitalised those essential to the war already, the production of goods will be sufficient to give to every man far more than he has had in the past. There is no reason why it should not be approximately double. Instead of rolling out in vast quantities warships, war factories, tanks, flying machines, guns, shells, huts,

and Army boots, clothes, and food, we shall turn out merchant ships and factories to supply the needs of peace—railroads, canals, schools, houses, and the countless commodities which we all need to supply the full and peaceful enjoyment of life.

Is that an aim unworthy of a great nation ? Is it not certain, on the other hand, that it is precisely the unconscious pursuit of this aim which has raised civilised man above the horrors and the degradation of barbarism ? And if thus carelessly, blindly, and ignorantly pursued, it has still produced blessings for mankind which only gross ignorance or perverted fanaticism will seriously deny, what may not be born of the same aim consciously and intelligently directed to the greater good of all mankind ?

CHAPTER IV

THE PHILOSOPHY OF THE STEAM- SHOVEL

THE conscious aim, then, which the nation is to set before itself is the doubling of its production, with all the immeasurable benefits to all classes which, as I shall show later, inevitably follow any great increase in production. I have already given some reasons to suppose that it is an attainable aim. But in view of the importance of this point let us endeavour to put it beyond question. I need perhaps scarcely say that it is not intended to suggest in what follows that material progress and material activities are or can be in themselves the end of a rational man's life. Into that high inquiry it is not for me to enter. Nor does my argument imply at all the obvious falsehood that a noble life is impossible even among conditions the most abject and miserable materially that it is possible to imagine. The only assumption that I ask the reader to make is that the slum and the workhouse are not in themselves desirable and natural nurseries of virtue : and that the unfortunates condemned to exist in them would undoubtedly have lived happier and more fruitful lives

under better conditions. Poverty may be the accidental cause of some virtue: it is undoubtedly the first cause of far more vice: and it is surely a perverse fanaticism which sees nothing but a social materialism in the effort to block up the source of so much needless human suffering and degradation.

When war broke out we could not produce a tithe of what was required for the successful conduct of war. Before the war we were organised and equipped to turn out a mere fraction of what is really needed if every citizen is to have the wherewithal of a decent existence. We were literally forced to produce vast quantities of war material and we did it. When peace comes we shall be driven by a no less imperative and irresistible demand to produce adequately for the needs of peace. The method in both cases is essentially the same—the method of organised effort to a definite end.

To make the matter a little clearer, let me propound a parable. The goods consumed for war purposes may be compared to a great mountain: they are available for use only so far as we pile it up. The piling up is the process of production. In pre-war days we were piling up this mountain on which our wealth, our health, our very life ultimately depends, with hand shovels: and not greatly concerning ourselves even how we used them. War came; and we found ourselves faced with the necessity either of increasing our mountain incalculably and at once, or perishing. What did we do?

We simply threw down our shovels and took to steam shovels ; and although our regular army of workers was fewer by six millions, the mountain grew steadily before our eyes like the prophet's gourd—grew till it met and more than met all the gigantic demands made upon it.

Do you say that is fantastic, and a fairy tale ? On the contrary, it is the essential history of every successful nation. Take Egypt, because it is the clearest. The river, in Egypt, is the mountain of my parable : man lived or died, prospered or failed, according as he solved the problem of irrigation. The early tribes lived miserably, slaves to the caprices of the river ; prospering when its floods were seasonable, perishing when they were not. The old Pharaohs did something. They did not do it very well, for their implements were crude—the shovels of my tale—a very simple organisation and a very large supply of very inefficient labour. But even that was enough to make Egypt one of the Great Powers of antiquity. Now, after the Arab and the Turk, Great Britain is facing the same problem. It is improbable that the labour employed in the great works on the Nile in the last twenty-five years is anything approaching to that employed by the old kings. It is certain that the results are immeasurably greater and will make of Egypt a richer, happier, more prosperous land than it has ever been before. Why ? Because we are using the steam shovels of modern science, modern organisation, and modern machinery.

If we would have leisure, good houses, plenty of food, good clothes, and abundance of all the materials that help to make a rich and happy life, we have but to go on using our steam shovels, using them in those industries which already possess them, insisting upon their use in those others in which they are not yet employed. But it is to be hoped that if undertaken this process will first be made the subject of careful research, so that it may follow an ordered and disciplined development. There is no single problem connected with it which compares in difficulty with the problems we have solved in war.

I have purposely refrained from referring to wages, because, in my judgment, this is not the main issue. The main issue is Production. Given that, it goes without saying that wages will be good and ample, for under such conditions there is no reason on earth why they should not be: in fact, *such wages are a necessary element in the process*. What we have to grasp is that the nation is really a huge co-operative society. Money is the medium of exchange; but the only real wealth is commodities. If employers and workers in each industry produce with steam shovels instead of hand shovels, it is obvious that that industry will have vast quantities of goods to exchange, and will ultimately receive vast quantities of other goods in return. Commodities, that is to say, will be cheap. Those engaged in each industry would receive huge increases in commodities.

It is inevitable. *There is nowhere else for the goods to go.* It has been shown elsewhere that the American citizen in pre-war days bought two to three times the amount of cotton goods which the average British citizen bought. When the demand here reaches this level, will our present cotton mills suffice to meet it? Clearly not. We shall want far more cotton mills: and what is true of cotton is true of all industries. We shall want more factories, more railroads, more canals, more shops, more schools, more houses, more clothes, more food. The stock of all commodities will be vastly increased, to the incalculable benefit of all concerned.

And so the problem of what to do with our returning heroes is really simple, if we have but the will and the necessary organisation to do it. We have solved a similar problem under the stress of war—hurriedly, extravagantly, disjointedly: how can it be pretended that the problem is impossible of solution when the prize is a fuller life in the future? The question may be raised—"Where is the money to come from?" But lack of money never seems to prevent war: why should it prevent the operations of peace? Why should the confidence and credit which suffice to support the ghastly waste of war fail when the aim of the expenditure is constructive and not destructive? For just as certainly as the process accomplished for war uses up our national wealth, the process applied in peace will build up our wasted resources. Everything we create will be for purposes of

re-creation: the prosperity of the future need know no limits.

It is easy, compared to what has been accomplished. Why should we not then do it? In war the victory is said to be always to the offensive: it is not less true in peace. Let every man work to the fulness of his powers and he will find not merely ample material reward, but peace of mind as well. We shall hear no more of restriction of output from man or master. With such a scheme of national industrial development conceived for such a purpose put before them, do you not think the Boys when they come home will roll up their sleeves and say, "Cheerio! the old country's a trump card after all"; do you not think they will go to work as they went to war, knowing well that their labour has been and will be worth while; and that in this knowledge the bitterness and ache of it all will pass away?

CHAPTER V

THE PEACE OFFENSIVE— IN PRACTICE

PRODUCTION and Profits and Wages are means to an end—that end in the first place being the provision for all of the food, clothes, houses, and leisure which are the indispensable conditions of a full and happy life. I say “in the first place,” because, as I have pointed out, these things also are themselves but means to a higher end—to the satisfaction of those spiritual and intellectual longings which are the proudest part of man’s noble heritage. With them it is not my function to deal. I am only concerned to point out that so long as men are immersed in the anxious drudgery of the mere struggle for animal existence, their chance of high intellectual and spiritual attainment is infinitely small. That has always been true, and it is true obviously of our social life to-day. Here and there some rarely energetic nature may rise superior to the clogs of circumstances: but in general it is manifestly true that the heaviest penalty which an inefficient industrial system imposes upon the mass of the workers is that it robs them of the time and drains them of the energy

which should go to the development of their highest faculties.

The old world sanctified this unjust and wicked monopoly in slavery: and it paid the price in inevitable failure. The modern world has modified the form, but retained the unjust assumption that the good things of this world are for the few. It is my earnest desire to show that there is a better way—a practical solution which will be realised when men, efficiently organised, satisfy their material needs in a limited period of the day by the expenditure of the minimum of effort: leaving both time and vitality for the pursuit and enjoyment of higher things. I am quite sure that all the efforts to place within the reach of the employer and worker the inestimable treasures of art and literature and all the bright and shining creations of the human spirit, will fail so long as the present wasteful methods of production and organisation are still suffered to extract from humanity their extortionate toll of effort and time in the satisfaction of mere animal needs.

Not very long before the war it could be publicly asserted that one-third of the people of this country were living upon the starvation line. The better clothing of the American workman as contrasted with his British comrade is a commonplace of the truth of which I have already produced evidence. The complaint of overcrowding in the schools was chronic: we need at least double the number of schools to supply the demands of

a really efficient national education. Finally, the house famine has excited the alarmed attention even of those most inclined to trust to the unregulated results of supply and demand for the solution of all social needs. It is estimated that the shortage of houses at the end of this year will be anything from 300,000 to 500,000. Both figures are preposterous estimates if we are to build, as we should build, not to the bare necessities of the existing situation, but for the realisation of the fuller national life which is the goal of our conscious aim.

Here then is the field, surely wide enough, of our Peace Offensive. How are we to set to work practically to secure the vastly increased supply of food, houses, schools, and clothes which is its first objective? I can trace only hastily here the enormous undeveloped resources from which they may easily be won by intelligently directed industry. Take agriculture; Mr. Middleton, the Secretary of the Board of Agriculture, has shown that while the British farmer before the war fed forty-five to fifty persons from the produce of a hundred acres of cultivated land, the German farmer from the same acreage fed seventy to seventy-five persons. Mr. Christopher Turnor, similarly, estimates that while Belgium before the war produced £80,000,000 worth of food for man and beast on 4,000,000 acres of land, our 50,000,000 acres of cultivated land produced only £200,000,000 worth. In Holland, Belgium, and Denmark, during the thirty years before

the war, the yield of cereals steadily rose till it stood at an average of 25 per cent. higher than that of the United Kingdom. Is it possible to contend that the Belgian soil is five times better than that of our country, or that the German, Dutch, and Danish farmers or farm labourers are so much more capable and intelligent than the British as to account for the astounding difference in their production? Most assuredly not. The difference is due solely to the fact that we have neglected to develop our magnificent natural resources, and our neighbours and rivals have not. What they have done by the intelligent use of machinery and the application of modern science to the land, by co-operation both in production and marketing, by, in fact, a "conscious aim" and an ordered plan in national agriculture, we can certainly do. In doing it, we shall add at a stroke—as the progress made since the war proves—an enormous sum to the amount of commodities available for consumption.

Now turn to Industry. The outbreak of war showed clearly how far we were falling behind our enemies and behind our essential national needs in our industrial production. "We were making less than a couple of dozen kinds of optical glasses out of over a hundred made by our enemies. We could hardly make a tithe of the various dyestuffs needed for our textile industries with an annual output worth over £250,000,000 a year. We were dependent upon Germany for magnetos, for countless drugs . . . even

for the tungsten used by our steel makers, and for the zinc smelted from the ores which our Empire produces." Thirty years before the war Britain produced 5,000,000 tons of pig iron a year against Germany's 3,000,000 tons. On the eve of the war Germany was producing 20,000,000 against our 10,000,000. In 1912 Germany was exporting to the Argentine four times as much cutlery as we did ; to China seven times as much ; to the United States six times as much ; to Russia seventy times as much. It would be possible to continue these examples almost indefinitely. Yet here, as in agriculture, there is no visible reason in the nature of the facts why other countries should thus develop more rapidly than our own. Our workmen are not inferior to theirs ; our resources—the resources of the whole British Empire—are practically unlimited. It is mainly the lack in this country of "conscious aim" and an ordered plan of development which has given our rivals their temporary superiority, as in opposing armies *esprit de corps* and able generalship will outbalance the advantages of equal courage and superior numbers.

An even clearer instance of the lack of any common policy and of the price we had to pay for it is the transport question. "In our congested towns," wrote Mr. Ellis Barker before the war, "millions of poor are crying for cheap food, and in our deserted and reduced country districts hundreds of thousands of impoverished farmers were crying for town prices for their vegetables, their

meat, their fruit. Consumers and producers cannot meet because our railway companies stand between the two, and exact a ruinous toll in the form of railway rates which are without parallel in the world." The canals were neglected, the railways uncontrolled, to the ruinous loss of both town and country. Does it require a great effort of imagination to realise the enormous wealth which the mere act of organisation in this field would secure to the service of the country ?

I will add only one other illustration to this necessarily brief summary. At Nottingham Sir Jesse Boot and several other firms were recently laying down individually costly electric-power plants, because the Corporation would make no reduction in the charge they make to the small consumer in the town. That is an example of the sort of thing which has been going on all over the country. Yet the multiplication of power-stations is manifestly nothing but a crude waste of the national resources ; and the national policy which should produce, as one of its results, a really national power-supply would add, again at one stroke, a vast sum to the real wealth of the nation ; and the energy now suffered to drain away in mere waste would be conserved and converted to its proper use in opening to thousands the possibility of a richer, fuller life.

CHAPTER VI

CAN WE AFFORD IT ?

NOW let us summarise the facts of the pre-war situation, and see finally what scope they offer for the change. Here are the facts about our transport system as recorded by the Secretary of the Chicago Railway Managers Association. The cost of railway transport per ton per mile in this and other countries is as follows :

United Kingdom	1.192d.
France	0.726d.
Germany	0.637d.
Holland	0.590d.
Norway	0.867d.
Denmark	0.956d.

Can we afford the loss that these figures represent ?

From the above it will be seen how unfavourably we stand in this country. A glance, however, at the facilities offered by way of river and canal traffic in Germany reveals a still wider gulf between the transport facilities of that country and ourselves.

COST OF TRANSPORT ON PRINCIPAL GERMAN RIVERS

On the Oder	one-sixth penny per ton mile.
„ Weichsel	one farthing „ „
„ Elbe	one-eighth penny „ „
„ Rhine	one-eleventh „ „ „

The facts about our agriculture are thus set out in the official report of the Board of Agriculture already referred to :

The British farmer feeds from forty-five to fifty persons (on each hundred acres of cultivated land), the German seventy to seventy-five persons.

The British farmer grows 15 tons of corn from this area, the German 33.

The British farmer grows 11 tons of potatoes, the German 55.

The British farmer produces 4 tons of meat, the German $4\frac{1}{2}$ tons.

The British farmer produces $17\frac{1}{2}$ tons of milk, the German 28 tons.

The British farmer produces a negligible quantity of sugar, the German $2\frac{3}{4}$ tons.

Can we afford the loss that these figures represent ?

The average annual value of the produce per acre of cultivated land in Belgium is £20; our average produce is only of the value of £4 per acre. Thus the yield on the basis of £20 per acre of our fifty million acres would be one thousand million sterling, whereas its actual value is only two hundred millions sterling.¹

Turn to Industry. The Census of Production taken in this country and in America in 1907 and 1909 respectively gave the following figures of the value of the English and the American worker's annual output in various trades :

¹ The value of agricultural produce in Jersey is equal to an average of £50 for each acre of the entire surface of the island, cultivated and uncultivated.

Production per Man,
inclusive of raw
material used.
U.K. U.S.A.

Boots and Shoes	£171	£516
Cocoa, Chocolate, and Confectionery .	296	662
Cutlery and Tools	164	323
Clothing	158	484
Hats and Caps	149	414
Hosiery	184	309
Leather	686	1054
Matches	223	625
Paper	330	705
Printing and Publishing ¹	396	572

These figures were collected in different years. The conditions of the two countries vary in some cases considerably. But that American labour is more productive than British seems to me established by the simple fact—which I have confirmed by personal investigation—that while wages are ² on the average two to three times as high in the United States as in this country the wholesale selling prices of many commodities are no higher there than here. The higher retail prices which ruled before the war in some commodities in America were due, like the higher American rents, to local causes which have little or nothing to do with the industrial system as such.

In figures relating to the activities of entire nations, errors are bound to occur, and many critics of these figures, which have been freely

¹ The Census of Production figures were first published by J. Ellis Barker in the *Nineteenth Century Magazine*.

² Pre-war.

circulated, find refuge in this fact, and seek to discredit them. But such facts as are demonstrated by the following comparison of wholesale prices in the U.S.A. and this country, prove conclusively that the productiveness of American industry is immeasurably greater than that of the industry of Great Britain.

WHOLESALE PRICES IN U.S. AND U.K. OF IRON, STEEL,
AND CEMENT ¹

	1909. U.S.	1907. U.K.
Pig Iron	£3.2 ton.	£3.3 ton.
Steel Ingots	5.2 "	5.2 "
Blooms, Billets, and Slabs	4.6 "	5.8 "
Structural—		
Girders	6.4 "	6.4 "
Bars, Wrought Iron	6.4 "	7.4 "
Bars, Steel	6.4 "	7.5 "
W.I. Rods, Angles, Shapes, etc.	6.4 "	7.4 "
Steel " " "	6.4 "	7.5 "
Hoops and Strips	6.3 "	7.8 "
Wire Rods	5.6 "	7.5 "
Galvanised Sheets	12.4 "	14.4 "
Black Plates for Tinning	10.1 "	9.4 "
Sheets	10.1 "	9.2 "
Tinned Plates and Sheets (including Terne)	16.2 "	14.0 "
Cement	1.0 "	1.2 "

As wages in the American Iron and Steel Trades are approximately two to three times as high as in England, it follows that the American workers must have produced about

¹ From *The Times Engineering Supplement*, 29th September 1916.

two to three times as much iron and steel per head. Otherwise the American product would have been far dearer than the English.

From actual inquiries I have made I find that pre-war wholesale prices for the following commodities bore to one another the relation stated hereunder :

Boots and Shoes .	Were actually cheaper in the U.S.A. than here.
Tools . . .	Were actually cheaper in the U.S.A. than here.
Pencils . . .	Wholesale prices approximately the same.
Hosiery . . .	Wholesale prices approximately the same.
Watches . . .	Wholesale prices approximately the same.
Motor Cars . .	Wholesale prices lower in the U.S.A. than in any other country.

That wages in the U.S.A. are higher than in this country needs no proof, but the following table will be of interest, although the wages given are far above the average for America. I believe the average wage in U.S.A. for all workers to be over £3 per week.^{1 2}

¹ Pre-war.

² It is interesting to have in mind at this point the following :—According to the Census of Production 1907, the total National income of this country was £2,100,000,000, including interest on capital invested abroad. If the whole of this income were paid to 16,000,000 wage-earners, the weekly sum which each worker would receive would be approximately £2, 10s. Now it is valuable for purposes of comparison to realise that our *whole National income* would be required to pay this sum. In America, where production per worker is so much higher than here, the

WEEKLY WAGES IN U.S.A.¹

	1907.			1912.		
<i>Builders' Labourers—</i>	£	s.	d.	£	s.	d.
Chicago	7	0	0	7	10	0
Pittsburg	5	0	0	5	0	0
<i>Carpenters—</i>						
Philadelphia	8	5	0	9	3	4
<i>Ironmoulders—</i>						
Pittsburg	8	15	6	9	9	0
<i>Linotype Operators—</i>						
Detroit	10	0	0	10	0	0

The conclusion is inevitable: and one main reason for it is disclosed in the table taken from the same two documents of the *relative horse-power per thousand workers employed in the industries of the two countries. In a word, allowing for all exaggeration, it shows that the American worker uses two to three machines or thereabouts, to one used by his British competitor. Look at it.*

	U.K.	U.S.A.
Boots and Shoes	172	486
Cocoa, Chocolate, and Confectionery	346	980
Cutlery and Tools	420	2,069
Clothing	45	165
Hats and Caps	181	588
Hosiery	163	804
Leather	847	2,389

average pre-war weekly wage amounted to at least £3. Thus *the share* of America's National income which then fell to her workers was greater than would have been the sum falling to the British workers if the *whole* of our National income had been paid to them, to the exclusion of all other classes whatsoever.

¹ Extract from official American records and published by Sir L. K. Chiozza Money, 8th October 1916, *Sunday Chronicle*.

	U.K.	U.S.A.
Matches	408	1,729
Paper	4,201	15,846
Printing and Publishing	1,133	1,154

America uses per 1000 workers about two to three times as much power as does Great Britain. In addition, she uses in many cases superior automatic machinery. Consequently, a single American worker produces on an average at least two to three times as much as an English worker ; he does the work of at least two to three Englishmen.

Can we afford to ignore the advantage which these figures show that we have allowed America to enjoy undisputed in the past—to leave to her the steam shovels and content ourselves with the spades ?

Take the question of Power Supply. It was pointed out in *Eclipse or Empire ?* that the present wastage in by-products of coal is greater in annual value than the entire world's output of gold. The Committee on Reconstruction has just declared that it is possible by generating power at the pit's mouth to have all that is needed for manufacture and light at less than half its present cost, and all the valuable by-products in addition. This without reckoning the enormous value to the whole community of pure air and all that it means. The Interim Report issued by the Coal Conservation Subcommittee¹ demonstrates a possible saving of £100,000,000 per annum on the basis of

¹ Interim Report on Electric-Power Supply in Great Britain, Cd. 8880.

our present coal consumption in Great Britain. As the future power requirements of our reorganised industries are likely to be at least two to three times the present figure, it is clear that on this basis the possible future savings and advantages would approximate £200,000,000 per annum, an amount equal to our total revenue from taxation before the war. Can we afford not to do this?

How do we stand nationally in respect of housing? We need probably at least 1,000,000 extra houses if our people are to be housed as they should be housed, *each man with some land*. Is it possible to deny that the provision of adequate homes is an absolute condition of a happy and well-ordered national life? It is certainly impossible to deny that this condition never has been fulfilled in the past.

The report of the Reconstruction Committee has shown us the way in which these problems may be focused. Assuredly this at least must be done if this country is to retain its place in the ranks of civilised nations. And the only true method of setting about the task is to plan out each element in it; to assign to competent investigators with adequate powers the task of sifting the facts and the possibilities and the difficulties and of reporting upon them; to do, in fact, for every department of national life what the Reconstruction Committee has done with regard to the problem of the Power Supply.

It should not be forgotten that the foregoing possibilities relate only to Great Britain; what then are the possibilities of our Empire, similarly visualised and similarly exploited?

CHAPTER VII

OUR RESTRICTION OF OUTPUT

I WISH now to examine at some little length certain problems connected with Production and Profits ; partly because these processes are in my opinion the mainspring of all real constructive effort, partly because their very nature is so widely misconceived both by employers and employed. Talk to the average Englishman of "business," and you will find almost invariably that the word has in his mind purely selfish and sordid associations, conveying the idea of a greedy struggle for personal enrichment—generally by rather questionable and base means. Talk to him of "work," and you will find again that his dominant conception of it is of grimy and soul-killing personal toil, usually under hard and unjust conditions, a kind of forced labour to which man is driven only by a cruel necessity. So long as we continue to think industrially in this low and unworthy key, I do not see how it is possible to hope that our industrial conditions can be anything but miserable. But is it necessary ? Is it true ? Let us see in the first place what "business" really is.

A live business consists not only of what it

actually is, but of its possibilities as well—the latter being no less important than the former. Even the simplest possibilities count; and to the imaginative mind possibilities count even more than actualities. “Business” may be defined as a scientifically organised system of creation and distribution, the application of the human mind to the betterment of man’s environment by the development of the resources of nature. *All progress depends absolutely upon it.* The difference between civilised and savage man is simply that civilised man has developed his resources far better and more completely than the savage. The Red Indian sailed the mighty rivers of the New World, but never created a *Lusitania*; he knew the woods by heart, but nothing of the countless uses to which civilised man has put their timber; the lightning perhaps gave him some portent of its power, but it remained for us to harness it and flash our messages across a continent.

Nations which, for whatever reason, do not develop “business instinct”—like the Esquimaux and the inhabitants of Central Africa—remain primitive barbarians in every respect. Nations which deliberately limit their “business”—like the contemplative Hindus—limit all their other activities at the same time, and become atrophied. On the other hand, a nation which throws itself heart and soul into the development of its “business”—like Japan and America—becomes a world-power in a generation. “Business” in years to come will bring plenty into every

home in the land, and give to an ever-widening circle of mankind the leisure which is the first essential for the gentler and more humane pursuits.

The reason of the dependence of all civilised life ultimately upon business is that *the essence of business is the saving of time. Early man spent his whole life struggling more or less contentedly for mere existence.* The man who first grasped the first rude notions of agriculture and acted on them won not merely a relatively easier and surer existence. He won something far more valuable. He won time to do other things besides exist. The beginnings of industry similarly meant a saving in time. The first rude industries did not merely provide the early farmer and hunter with better tools, better houses, better clothes and weapons. They freed him from the necessity of spending time making his clothes, his house, his tools; they left him more leisure to attend to his farming, and more opportunity for other activities. The division of labour, the development of trade continued the process. *But always, down to the most recent modern inventions, the essence of the gain is a gain of time.* The plough freed man from his slavery to his rude spade, the wheel from his laborious drag. The locomotive gained time upon the stage-coach, the steamship on the sailing ship, the motor car on the horse carriage, the telephone and telegraph on the post, the post on the messenger. *All through the story of the ages, it is this gain in time, and this only, which*

has made possible the evolution of a higher civilisation.

Yet all through the ages man has opposed this evolution. Indolence and dislike to change are innate in us. In all periods there has been a tendency to look back longingly to a Golden Age in the past, rather than to grapple with the problems of the day. But Golden Ages like Golden Sunsets dazzle us because we are a long way off. In the Golden Age people had no fireplaces with chimneys to lead away the smoke, no body linen, no soap, no socks, no forks, no coffee, tea, tobacco, sugar, no baths. In short, they lived under most unhealthy and uncomfortable conditions.

In order to fix in the mind once for all the greatness, and the ultimate beneficence of the forces which unreflecting humanity has always so strenuously opposed, I would ask my readers to consider what the world would be without just a few of them. History is vague, but it is safe to assume that the first plough met with much the same ridicule as the reaper. Now the plough and the mechanical reaper combined with the railway and the steamship are the things which have banished famine from the world and given to those races which have taken advantage of them cheap food. McCormick was nine years before he found a farmer bold enough to defy the storm of mockery and execration which his invention excited and buy a single reaper. Was it not going to put out of work, it was urged, the labourers who depended upon agriculture for a livelihood? How far the

spirit of opposing time-saving and labour-saving machinery has prevailed in this country even to the present time, is shown by the now feverish anxiety to secure mechanical tractors for our own urgent agricultural development. The locomotive also was treated at the beginning not as a blessing but as a curse, for it encroached on the sacred domain of the stage coach. Yet the world without railways would be still, industrially, one vast Siberia. Yet the railways, far from destroying the business of drivers, horsekeepers, etc., have benefited it. There are now far more horses used in the country than in the pre-railway era. For years a motor car might not travel unless preceded by a man walking ahead of it bearing a red flag. The suspicious and conservative public would have none of the motor car. The inventors of the power loom and the spinning-frame met the same sullen opposition. Arkwright's factory at Nottingham was burnt down, with the police and the soldiery looking on. We know how Cartwright was treated, apart from having his Manchester factory burnt. Yet we know also—now—that without the spinning-frame and the power loom, the world must needs go naked.

Bell and his telephone were denounced in this country as a specimen of the latest American humbug; his appeals, his explanations fell on deaf ears, and he went back to America discouraged. That is one reason why the State of Ohio to-day has more telephones than the whole of Great Britain.

“Flying machines are a physical impossibility,” said some of our most distinguished scientists less than fifteen years ago. We turned away the Wright Brothers; and to-day flying machines, owing largely to their efforts, are as common as cabs.

But innumerable instances could be given of this Great Refusal. We are refusing to-day the automatic loom. America has 350,000 automatic looms; this country has only 12,000. We are refusing coal-cutting machinery. Only eight per cent. of our coal is cut by machinery. America cuts fifty per cent. of hers mechanically. That is one reason why, for the last thirty years, coal, the very lifeblood of our industry, has grown steadily dearer at the pit-mouth over here, while in the United States and most other countries it is now as cheap as formerly, if not cheaper.¹ The Sheffield light trades are another instance. Germany, as has been pointed out, was beating us in market after market before the war in the cutlery trades. The reason was simply that Germany had adopted the best machines and the best manufacturing methods, and had built large factories in which the labour employed was properly subdivided and the work scientifically specialised.

These facts were admitted by Sheffield Labour Leaders themselves who visited Germany before the war; and many are of opinion that, but for the war, the cutlery trade would have perished altogether. We

¹ Pre-war.

have refused machine tools in the engineering industry; that oft-told tale need not be repeated. The Census of Production showed that, generally speaking, British industries used only one-third to one-half the horsepower per thousand workers that America used. We refuse to build houses and factories. Let those who doubt this statement consider the following:

A block of cottages erected in 1885 cost for 9-inch brickwork (labour only) 8½d. per square yard: bricklayer, 9d. per hour; labourer, 6d.

In 1912 exactly the same labour cost 1s. 9d. per square yard of 9-inch brickwork: bricklayer, 10d. per hour; labourer, 7d. per hour.

	£	s.	d.
Based on 20,000 square yards (8½d.), cost of labour was in 1885	708	6	8
Based on 20,000 square yards (1s. 9d.), cost of labour in 1912	1750	0	0
Increase in wages amounted to	98	3	0
National loss due to restricted output	943	10	4
<i>A weaving-shed</i> built in 1882:			

(a) Stone cost per cubic yard 6s. 6d., 12,064 cubic yards at 6s. 6d.	3920	16	0
(b) An identical shed built in 1912 cost 13s. per cubic yard	7841	12	0
(a) The material in 1882 cost (stone) 3s. per yard (mortar), 6d.—total 3s 6d.	2111	4	0
(b) The material in 1912 cost (stone), 5s. per yard (mortar), 1s.—total 6s.	3619	4	0
The cost of labour in 1882	1809	12	0
The cost of labour in 1912	4222	8	0
Advance of 1d. per hour amounted to	263	8	0
National loss due to restricted output	2149	8	0

The loss to the nation in the first of these

cases was something like £1000; in the second it was over £2000. The reason for the enormous increase in the cost of building cottages, factories, etc., is to be found in the simple fact that in 1885 the number of bricks laid in plain walling per worker per day was from 1200 to 1500. In 1912 it was from 550 to 650. The consequence is that operatives throughout Lancashire before the war, in 1914, were waiting for cottages. Bricklayers and stonemasons were in large numbers unemployed. Some large firms have only been regularly employing one quarter the number of their former workmen.

Could anything be more absurd or futile? If this spirit had dominated the past, what would be the state of the world now? What should we have thought of our ancestors had they finally refused the plough, the reaper, the wheel, the locomotive, the loom, the steamship? Imagine the world without these things which one generation after another has tried so assiduously to keep out of it. The process is not ended. It is still going on. We are refusing to-day inventions which will make the better, richer world of the future, as our fathers in the past struggled against the inventions on which our present civilisation is built. But what will posterity say of us, if we succeed?

Mr. Gilbreth,¹ who has investigated this trade of brick-laying in particular in con-

¹ *Motion Study*, Gilbreth, published by Constable & Co. Ltd.

nection with his Motion Study, found it possible to cut down the bricklayer's work by more than two-thirds solely by the eliminating needless, ill-directed, and ineffective motions. Observe that this enormous saving of labour power entailed no sort of loss to the worker. Mr. Gilbreth's system was not a mere bloodless slave-driving. It recognised to the full what ignorant or incompetent management so often ignores—the human factor in the worker. He does not ignore the worker's size or brawn in his analysis of his powers ; neither does he ignore his creed, his contentment, his food, his health, or his temperament. All these things must be recognised and allowed for by the intelligent employer of the future who will seek the means of high production—which means high wages and short hours—not in a senseless and cruel “speeding up,” but simply in reducing the waste of time and labour which crude old-fashioned rule-of-thumb methods involve in the workshop. It is quite certain that the scientific method of production involves no necessary addition of labour to the worker. The girl whom Mr. Gilbreth advised on the right way of putting papers on boxes of shoe polish benefited greatly by taking his advice. Following her own method, she put on twenty-four papers in forty seconds. The first time she tried the new way, she put on twenty-four in twenty-six seconds ; the second time she did it in twenty. She was not working any harder, only using fewer motions. And both her

production and her wages—for she was on piecework—were increased without any extra exertion on her part. Why then should she have refused availing herself of an improved method of working? Or why should the world refuse the same offer? For the same result is possible in practically every industry if scientific methods are applied, and if inefficiency is replaced by efficiency.

What, after all, is the reason of the refusal to produce as much as possible? The reason is, that we cannot immediately agree how to divide the results of the increased product of industry. But granted that the quarrel is to be more or less permanent, is it not a matter of elementary prudence—of the simple instinct of self-preservation, indeed—for the disputants to agree to exclude from their quarrel any actions which will hinder or reduce the efficiency of that creative process through which, and through which alone, all our common aims can be attained? Let us find common ground here, at any rate. Thirsty men may quarrel over a drink, but it is the height of absurdity for them to destroy the well in the process. Why cannot Capitalist and Trade Unionist, Socialist and all would-be reformers agree, if they must for the good of their souls continue their disputes, that this one condition shall be observed? Why should they not even go the length of agreeing to increase, by mutual co-operation, the productive power of industry? The only result would be, that until we had found a means of composing

our differences, we should be wrangling over a barrel of apples instead of over a pailful. Surely it is worth while. Time will undoubtedly teach us how to live in harmony together; but we must see to it that when that moment comes we have perfected a really efficient industrial and agricultural outfit and organisation. For it is efficient and highly productive industry and agriculture, and that alone, which can give the opportunity of a decent and untrammelled life to every citizen in the land.

Progress has been slow in the past, because at all times the enthusiasm of a few eager and ambitious spirits has had to struggle with the natural apathy and conservatism of the mass of all classes. For it is a mistake to suppose that the worker alone is responsible for the limitation of production which is merely this conservatism in an aggressive form. The employer who resists education, who clings to obsolete methods and refuses to recognise new conditions and new demands, is restricting output and thereby injuring his country just as much as the worker who declines to use new machinery or otherwise deliberately reduces the value of his own output. The future, whatever else it may have in store, is unlikely to bring any change in the conditions of progress as history has revealed them. Then, as now, its rate will depend on the willingness, or otherwise, of the mass of mankind to use the counsel and accept the leadership of their best brains. And these will always be few. That is one

among other reasons why communal effort, if it is to be interpreted in the sense of communal leadership, is foredoomed to failure. If the prospect of reward is to be withdrawn from individuals, it is certain in our present state of development that the invaluable services of rarely gifted individuals will be lost to the State.

A survey of the foregoing facts serves to focus the appalling opposition of the world at large to all innovation. Take out of the process the leaders of the past, with their enthusiasms and blind belief in the efficacy of their own ideas, and how many of our modern inventions would have materialised? Imagine a President of the Board of Agriculture fighting McCormick's battle for eight years on nothing but faith in himself. Imagine a President of the Board of Trade or some Government official fighting mankind for recognition of a despised invention, as Arkwright did and Cartwright did.

Whatever we do, let us remember to encourage the individual to express in his work what is best in him. If we rely upon Governments or communities, which have hitherto been the worst enemies to progress, we build our future upon sand.

CHAPTER VIII

CAN WE PRODUCE TOO FAST?

THERE is no fallacy more common even to-day in this country than the widespread belief that there is only a limited amount of "work" in the world, and that an increase in the individual output must inevitably lead to over-production and unemployment. We saw in the last chapter the effect of that theory in leading the worker to restrict his output. Thousands of workers undoubtedly believe that the world can only make use of a given amount of manufactured products, and that if this quantity is manufactured in the cheapest and quickest way, thousands would soon be out of work. This doctrine has been so zealously preached in this country, and the minds of thousands of workers have become so obsessed with it, that many people despair, even in the light of what the war has taught us, of ever eradicating it. Yet this idea is utterly false: and unless our people can be convinced of its falsehood, I see very little hope for our industrial future. I propose here to examine the attitude of other nations to this vital question, looking at it on its merits, and without regard to traditional or inherited influences.

If to produce little were to the interest of the community and of the individual, it is evident that those nations whose people produce little or nothing should be examples to the rest of the world of the truth of this theory. On the other hand, we ought to find the greatest measure of poverty and unemployment among those nations whose citizens produce on a lavish scale. Unfortunately for the argument, the reverse is the case. Sensible men admit that one ounce of fact is worth pounds of theory. Why not accept the truth which lies under our very eyes? In India, China, Egypt, and other countries as yet unblest with an industrial system, countries in which the individual worker produces very little—next to nothing indeed, machinery being practically unknown—the people have hardly a coat to their backs and are well acquainted with the spectre of famine. But if the argument that to produce little brings prosperity is to stand, this ought not to be so. Every one ought to be well off and prosperous as no one is doing his fellow out of a job. He is creating work for him by doing none himself. Yet poverty and misery are the result, because the theory of restricted output is false, and the facts prove its falsehood.

Now consider the reverse case—the case of the more enlightened nations where the benefits of machinery are more or less fully recognised. I will take America as an example, because that country accepts more wholeheartedly than any other the proposition that to produce to the fulness of

one's powers is good business. If the limited output theory were true, the Americans should be a poor impoverished people. Unemployment should be chronic among them, for when a man by using machine tools does the work of six of his fellows, the other five—according to the theory—are thrown on the streets and left to starve. That must be the result, if the doctrine held by so many of my critics be true. Once again, the facts demonstrate its falsehood.

I know America very well: and I have often wondered why so many millions of our best go there and never come back. I have my own ideas on the subject. But I will give instead the evidence of Mr. E. W. Scripps, a well-known American newspaper proprietor and a Socialist who cannot be accused of any bias in favour of the capitalist. This is what Mr. Scripps wrote in *The New Statesman*:

“The average wage of the American working man is several times greater than that of the English working man. The average hours of daily labour of the American working man are from twenty to forty per cent. less than those of the English working man. I know enough of the average conditions in England and her cities to know that, on the average, the American working man is not only far better nurtured and nourished, but that he is far better housed and clothed, and that his children are far more generally, and perhaps far better, educated than those of the English working class.”

In the light of such cold facts, what is there left of the ridiculous theory which represents the results of high production as mischievous to the working man?

The question is of such vast importance to the future of our own people that I must ask my readers to consider a little more closely still the facts about America. The Americans are our own kith and kin; but on this subject they think differently, because in their own surroundings they have been able to judge the question impartially. We have not: before the war, at any rate, we had failed to think it out on its merits, owing to our inherited prejudices. And now listen to the conclusion drawn by Mr. Samuel Gompers. Mr. Gompers is the President of the American Federation of Labour. He represents 2,000,000 workers—the men whose conditions are described by Mr. Scripps. Lest he should be thought a voice crying in the wilderness, remember that in this country there are only about 4,000,000 Trade Unionists all told. This, then, is what 2,000,000 organised American workmen say through their chief:

“We are not going to have the trouble here that Britain had through restriction of production. There has not been any restriction of output for over thirty years in America. We in the United States have followed an entirely different policy. We say to the employers: ‘Bring in all the improved machinery and new tools you can find. We will help you to improve them still

further, and we will get the utmost product out of them; but what we insist on is the limitation of the hours of labour for the individual to eight per day. Work two shifts a day if you please, or work your machinery all round the twenty-four hours if you like, with three shifts, and we will help you; but we insist on the normal working day with full physical effort. We will not agree to that overwork producing the poison of over-fatigue which destroys the maximum of production, undermines the health of the individual worker, and destroys his capacity for daily industrial effort."

This is what millions of Englishmen domiciled in America think who have left their country never to return. If we are not to lose all our best workmen and all our vital industries, that is what we must think too.

Let us now examine the question of consumption: for consumption and production are two sides of a wheel, which must balance if it is to run true. The fundamental fact about consumption under high production is that the consumers are the producers. America has always depended primarily upon her home market. The high wages paid in the United States have been offset by scientific methods: and the consequence was that before the war the wholesale factory prices of many commodities in America were as low as here. Bulk production and scientific methods have reduced the prices of commodities steadily. The history of steel pro-

duction is a capital example of high production in operation. In 1880 the United States produced less than a million tons of steel. In 1916 they produced over forty millions. Fifteen thousand tons of steel rails have been produced at Bethlehem in a single day. Yet prices of steel rails have fallen steadily year by year from 130 to 28 dollars per ton. Crude reapers sold in the eighties for £60 apiece. To-day a complete self-binder can be bought for £28.¹ Paraffin used to be 2s. a gallon, before the war it was only a few pence. . . . The result of increased production, that is to say, and the economies which it effects, is inevitably in the long run increased consumption and lower prices.

It appears from official investigations that in 1909 the American people bought £120,000,000 of cotton goods where the British bought only £20,000,000. As the American population in that year was roughly double the British, it follows that the average American family bought three times as many shirts, collars, handkerchiefs, etc., as the average British family—a striking confirmation of Mr. Scripps' statement. They did this quite simply, because they could afford to do it: because the shirts were cheap enough and their wages were high enough. If, after the war, our industries could so remodel themselves that the maximum output which science, good management, and improved machinery can give may be attained, the same results would follow. It will be

¹ Pre-war conditions.

possible to pay wages far in excess of any formerly paid, and at the same time to sell the product at lower prices than ever before. High wages and low prices of commodities must clearly go together; for if prices rise the worker does not gain by the rise in wages. The example of America has proved that treble wages need not mean treble prices. Why should what is true in America be false here ?

CHAPTER IX

SOME FACTS ABOUT CONSUMPTION

LET us now continue the examination of the relation of consumption to production, remembering only that in any comparisons made, I am speaking only of pre-war conditions—conditions which are not permanent in their nature, and which, if my argument is accepted, will never be allowed to return.

Pins and matches were so cheap before the war that countless millions were used. They were cheap because those employed in producing them turned out vast quantities with the help of powerful machinery. No one would argue that if the worker reduced his output of matches to, say, one where he now produces one hundred, and the price of matches were one penny each instead of one penny per box, more labour would then be required to produce the world's matches, to the great benefit of the match workers. All that would happen would be that the consumption of matches would be enormously reduced, and the labour employed in their manufacture would be correspondingly reduced. The law, however obscure, is that the consuming power of the world expands incalculably when commodities are placed

within its reach at a price which it is possible for the many to pay : and the amount of labour employed becomes incalculably greater when this general consumption takes the place of the extremely limited consumption where the price confines the use of the product to the few. That is true of Motor Cars, Clothes, Houses—everything, in fact. One firm makes 500,000 motor cars per annum and sells them at a little over £100 apiece. The total output of British cars before the war was only 35,000. Doubtless on each of the 35,000 cars considerably more labour was employed than on each of the 500,000. But it is clear that on balance far more employment was given by the construction of the latter than of the former. When good pianos can be sold for £10 or £15 apiece—by the aid of efficient methods of manufacture—will the number of workers at present employed in this industry suffice? Assuredly not. The amount of labour expended on each piano sold then will be a fraction of that now employed; but the total reward which labour will receive from the industry will be far greater, because a hundred pianos will then be sold for every one sold now. When a motor car can be sold for £50, there is not the slightest doubt that the number employed in the industry will be increased ten-fold. The great masses of all nations possess at present very few commodities. They never will possess many until they realise that by co-operation of effort between Capital, Management and

Labour, *i.e.* industrial efficiency, they can bring down the prices of commodities till they are within the reach of the workers themselves.

But it may be argued, "Is over-production an entire impossibility?" or "Is the displacement of labour not a great evil which has involved the workers in the past in fearful misery?" Let me be understood. I do not say that a temporary and local glut of a particular market in a particular commodity is not possible, or that it is not an evil. I do not say that the circumstances which attended the introduction of machinery in this country during the last century do not make up one of the blackest stories in our history. What I say is this—that the well-organised and intelligent industrial communities of the future will readily find a way of controlling or preventing temporary gluts, and of making both labour and capital so fluid that they can readily be diverted into profitable channels. These channels will always exist, for I am firmly convinced that general over-production is impossible, and will remain so. The industries of to-day satisfy the wants of a mere fraction of mankind. But conceive the incredible picture of industries so productive as to maintain all mankind in comfort, and demand would still outrun supply. For want breeds want. The civilised man wants a thousand things the Hottentot has never dreamt of. The civilised man of the future will have wants not conceived by the civilisation of to-day,

exactly as we have wants which our grandfathers did not dream of. Not so very long ago tea, coffee, sugar, white bread, soap, theatres, travelling, etc., were only within the reach of the well-to-do. I believe this process to be literally unlimited: and increased production will stimulate it in the ratio of its own increase.

It must be frankly admitted, of course, that increased production does cause temporary unemployment. It is this temporary unemployment which has poisoned the whole outlook of the industrial classes in this country, for it is difficult for a man to take long views when his immediate circumstances appear an injustice to him. It is certain that the better organised industries of the future will meet this menace of temporary unemployment by insurance or other similar schemes. But the real answer to the charge that high production produces unemployment is that the high wages which are a condition of efficient manufacturing will rob temporary unemployment of most of its terrors in the future. It is a fact that the American worker before the war took much longer holidays than his British colleague. He could afford to do so. For the same reason, he could face with much more equanimity the prospect of temporary unemployment. And if it is true that high production creates some unemployment in the first instance, it is certainly not less true that in the long run it creates employment on an immeasurably greater scale. There is

no greater creator of work and good wages than the so-called labour-“ saving ” machine. It does not “ save ” labour in the sense of rendering it unnecessary. In the long run it multiplies the demand for high-class labour indefinitely. What it saves, as I have explained in a former chapter, is time, and time in this connection is fresh opportunity for labour. It makes labour more valuable, and it increases at the same time the demand for it. That is what the American has understood. The British workman has not. And their conditions and wages to-day show which of the two is right.

One word more. Supposing that, as a result of the revival of industry and agriculture after the war, it were found possible to maintain the wages of 10,000,000 workers at 20s. a week over pre-war levels. That would mean the addition to our home market of consuming power to the extent of £500,000,000 a year—an amount approximately equal to the total of our exports at their highest. Consumption, that is to say, is entirely dependent upon earnings, and earnings are mainly dependent upon production. High and low wages are not determined mainly by the generosity or meanness of employers, but simply by the real value of the employees’ work. Trade Unions may regulate wages to some extent. They cannot provide a high wage for a worker who produces goods of small quantity. The machine is the worker’s friend and ally, because it raises the value of his products by enabling him to

produce more and better goods in a shorter time. If the British workers will realise the elementary truth that the basis of all prosperity is production, that everything which promotes this is to be welcomed and everything which diminishes it will infallibly injure their real interests in the long run, they have before them an opportunity, such as has never been offered to any nation, to bring plenty into every home in the land. But there is no other way.

CHAPTER X

PROFITS IN THEORY

PROSPERITY depends upon consumption, and high consumption is impossible without high production ; hence, even in a Socialist State, production is the only way to general well-being and contentment. It is the merest appeal to the gallery—and a very uninstructed gallery at that—to argue that because profits are increased by production it is therefore undesirable to produce. However unfair the distribution of the results of the joint efforts of labour and capital may be, it is certain that each party gets more where production is high. Only a blind spite can really inspire arguments which aim at persuading the worker that because he is not getting as much as he thinks he ought to get, he should hamper production. For the most superficial investigation is sufficient to show conclusively that it is those workers the value of whose production is the highest who get the highest wages : and that no Trade Union can secure high pay for the worker when the value of his output is low. To attempt to cure low wages by reducing production, in other words, is from the workers' point of view the most suicidal folly. This

is not a question of theory, but of plain fact.

The ideals of the Socialist may in the future come to be realised in the practice of human society. But they will not be realised rapidly, nor indeed at all until human nature is fitted by slow evolution for their practical acceptance. On the result of attempting to realise them at a blow the Russian revolution is an eloquent and most practical commentary. It is as impossible as it ever was to put new wine into old bottles. The evolution which is to fit man for a new and better economic order will be a slow process. What is to be his condition while it lasts? *We have to choose whether we will travel the path towards our social ideals with the benefits of high production or the penalties of low.* The political problems will be much the same in either case, and will take many generations for their solution. But between the two economic conditions there is no comparison possible. It is the contrast presented in the conditions before the war of Russia and of the United States. The same processes were at work in both countries: but the low production of Russia kept the vast masses of her people in the most miserable poverty, while the Americans' high production secured to the American worker a plenty undreamt of by his Russian comrade.

The benefits of production then are plain. But in the development of production profits have played a part of supreme importance. It is the hope of material reward—in the

shape of profits or wages—which in all ages has spurred lethargic humanity on to struggle to acquire and apply the necessary knowledge for the creation of wealth. Most examples of communal effort, such as arsenals, dock-yards, etc., were so hopelessly inefficient that had they been in competition before the war with private enterprise they could not have produced enough wealth to pay either wages or profits. Private enterprise is superior to bureaucratic management, because self-interest is the most powerful inducement to progress. The efficient business man prospers, the incompetent - one disappears through failure, but incompetent officials may continue managing public undertakings because no yearly balance-sheet discloses their ineptitude. The superior efficiency of private undertakings is due to the hope of reward and the fear of failure and disgrace. Can it be held an accident that where this cause or motive is present there is relative efficiency, and where it is absent uniform inefficiency ?

But, historically reviewed, the profits of creative industry are only a small percentage of what that industry saves the public. The only reason profits need exist at all is that human nature in the aggregate is so constituted that without that bait it achieves nothing. And however low the ethical ideal which prompts it may be, it is nonsense to say that the struggle to achieve is not beneficial. For the misery of the half-starved populations of the countries where the ambition to achieve is absent is plain to the eye.

The real quarrel of those who denounce profits as evil in themselves is with Providence, and not with our industrial system. We are born into the world naked and ignorant, with no natural desire to either clothe ourselves or educate ourselves. The resistance of the normal healthy child to both clothing and education is proverbial. But if this is one natural law, there is another no less certain in operation which prescribes death for the unfit and worse than death for the inefficient in all forms of life. Our civilisation is based on the recognition and acceptance of this law—on the necessity in some way or other of overcoming natural lethargy if the penalties attached to inefficiency are to be evaded. It is possible, no doubt, to criticise the conditions of the problem ; but it is very idle, for man who had no hand in making them has no power to alter them. He can rebel against the laws of life and death to his own destruction, or he can accept them and make the best of them ; but he cannot really escape them.

Before wealth, that is to say commodities, can exist at all, the desire to create wealth must be postulated. Civilisation has so far been unable to devise any other means to achieve this end than the reward (in the form of profits) of those who create things. The hope of profits tempts them to go to work and try. The redeeming feature of this process, however selfish it may be admitted to be, is the fact that a man in creating things for his fellows and growing rich in

the process can only do so if his fellows, under normal conditions, want his product more than its price. That is to say, people only buy a thing offered because it is cheaper to buy it than not to buy it. If the result of a man's efforts after gain still leave it dearer to buy his product than not to buy it, the world does not buy, and he is ruined. But in almost every case the world gets an incalculable amount of work done for nothing by those who strive after profits. For each attempt, even when it is a failure, is liable to contribute something to the sum total of knowledge. And for every producer who makes any profits there are thousands who try and fail. This again is nature's method. The profits of creative industry are only a small percentage of the unrealised potentialities of preceding generations now realised by the increased knowledge applied by us to-day.

The profits of the future likewise will be only a fraction of the results accruing to mankind, as it succeeds in eliminating the appalling waste of human effort which prevails even to-day. In my judgment it is no exaggeration to say that fully half of the present world's effort is lost through avoidable inefficiency even in the light of our present knowledge. Should our knowledge grow in the future at the same rate as it has grown during the last hundred years, then only the wildest flight of imagination can give an inkling of the possibilities before us.

CHAPTER XI

DEMOCRATIC PROFITS

IF we once realise the evolutionary nature of the industrial process and accept the postulate that the possibilities of the next century are as great as the achievements of the past hundred years, the wisdom of fostering and not opposing the process requires no argument. Taking the average citizen of this country and comparing the food he eats, the clothes he wears, the house he lives in, and his opportunities of enjoyment with those of his forbears of one hundred years ago, the advance in general prosperity has been immense. But the instrument which has very largely contributed to this immense advance has been the hope of profit, or prospective reward. Nothing else, in the present state of human society, would have evoked the necessary effort.

Profits are the sunshine of the industrial garden. The term in its widest application includes interest, salaries, wages, and the countless financial benefits, direct and indirect, of enterprise; and, thus conceived, profits are merely the bait to induce the community to put forth effort. And if it can be shown that, as I have urged in a former chapter these

profits are only a tiny fraction of what creative industry has saved the world, it is plain that they cannot be undesirable in themselves, and that their increase can be nothing but an immeasurable benefit to mankind at large.

Let us suppose that some bright genius said to the world to-morrow: "Look here! for £25 I can sell you a pair of wings with small motor attached by means of which any man can fly 100 miles in an hour." Such an invention would be a death-blow to man's arch-enemy, distance. Think of the millions which it now costs us to move to and fro; and think of the untold possibilities which such an invention would open up to its possessors. Its worth to the user would clearly be incalculably more than £25. Well, after some years the supplier of these appliances grows fabulously rich. He has built up a vast organisation and is denounced by people who refuse to take long views as a profiteer. Yet of the £25 which he obtains for each of his machines, probably £20 in some form or other would go to others at the least; so that on each transaction he gives to all and sundry £20 and gets £5 himself. Such a man would be one of the greatest benefactors to mankind the world has ever seen. Incidentally, if he were to appear now, he would promptly end the war by enabling an army to fly to Berlin.

Some years ago a man named Ford did say in effect to the world: "Look here! I will give you a motor car for £125. No one has hitherto produced one of equal capacity for less than about £250." The

result of that is, virtually, that five people can now move about the face of the earth at twenty miles an hour at a capital outlay of £25 apiece—the price of the wings. It was so advantageous to the citizens of the world to buy these cars at £125 apiece, so much cheaper to buy them than not to buy them, that in one year 750,000 of these cars were brought into use.

The “profiteer” is said to have made £12,000,000 profits in this one year. Let us assume this is correct. What did the millions of users make? It is safe to assume that each purchaser saved about £100 on the car on purchase, and that each car earned its keep every year; so that on one year’s sales the world saved £75,000,000 as against the next cheapest car of equal capacity. In addition there is the saving in increased earning capacity and increased capacity for pleasure of the owners and users of the several millions of cars in use year by year. I will put that at about £100,000,000. It is probably more. Thus the world is better off as the result of the Ford Car to the tune of something like £200,000,000 a year.

The profits of the man who originated this great enterprise are said to have been £12,000,000 in one bumper year—say 6 per cent. of what was given to the world. The profits or wages of the workers in the great factory were 20s. per day. Innumerable salaries were paid to foremen and managers, ranging from hundreds to thousands of pounds per year; countless agents and dis-

tributors grew prosperous handling the cars ; the shopkeepers, the railroads, the hotels, the steamships, the post office, the cities all benefited. I want to know—I really do want to know—who was hurt ?

And this achievement of scientific production, an incalculable contribution in itself to the world's welfare and potentialities, bringing prosperity to every individual affected by it, can be made to apply to most industries with similar results. The new processes which have made boots and shoes relatively cheap, the inventions which brought cotton goods within the reach of all, the enterprise which has resulted in the incredible sales of cheap reprints—one firm in a single year sold 2,000,000 copies of a single cheap library in England and America—have all brought to mankind the same incalculable benefits. How is it possible to pretend that cheap boots, cheap clothes, cheap books, are not of unalloyed service to humanity as a whole, or that the world would not be poorer, meaner, and more miserable if they were suddenly withdrawn ? What we want is a hundred Fords in this country. The gain, in pure well-being, to every class in it would be immeasurable.

Now all that the Socialist could possibly extract from this circle of beneficial activities would be the £12,000,000 which Ford gets, but in so doing he would have prevented such an immense community profit being realised. In a Socialist State Ford would not have become a millionaire, but then there would

have been no Ford motor car. Thus, Socialism, grudging the capitalist his profit, would incidentally have prevented all the other benefits mentioned reaching the vast mass of humanity.

The reason, and the only reason, for the existence of profits in industry is that it will not work without them. Industry without profits, in the present temper of humanity, would be as barren as a garden without sun.

It cannot be too often repeated that the profits of creative industry are only a small percentage of what that industry saves the public. In one form or another the community in every case gets probably about 90 per cent. of the financial benefit of industrial enterprise. In Ford's case it gets more. Why should we waste time in hampering a system with such actual and prospective potentialities, until at any rate a better can be proposed? No better system has so far been discovered, none has passed the only useful test, the test of actual experience. Socialism has been advocated since the time of Plato. The only difficulty that has any reality is in the division of the results: and it is surely clear that until the results are assured, it is folly to quarrel over this.

CHAPTER XII

THE SOCIAL VALUE OF PROFITS

WHO does actually get the wealth resulting from the present system of production which is based upon profits? It is essential in considering this question not to lose sight of the fact that in those countries which do not possess this system—the only system as yet known capable of stimulating human effort on a vast scale—there is virtually no wealth for any one to get. That fact is generally ignored in discussing this problem: yet it is an absolutely essential fact. For it cannot be a mere coincidence that in countries which possess no industrial system it is not merely economic development which is arrested, but all forms of progress of any kind.

Return for a moment to the comparison of the present conditions of India or China with those of America. In India the average native's yearly income is about 40s.; in China, as we have seen, the agricultural labourer earns only 35s. a year. Both of these countries possess probably greater latent wealth than America. Neither of them possess a capitalist class except in numbers which are negligible in comparison with the total population. America has a large and growing class of capitalists—the

largest and richest class in the world, when compared with the population. Yet the percentage of the results of American industry and agriculture which goes to this class is very small—probably not more than 10 per cent. If the popular argument is to hold—that the capitalist class fattens at the expense of the rest of the community—we ought to find all other classes in America sadly impoverished. The reverse is the case. America has the largest and richest capitalist class in the world ; but in wealth and general prosperity the other classes of American society will bear comparison with similar groups in any other country ; indeed the American masses compared with those of other lands are relatively more prosperous than the American capitalist judged by the same test. By comparison the earnings of the British worker and capitalist are small. That earnings depend upon production, as has been demonstrated already, is confirmed by this fact : If the *total national income* of Great Britain were paid to its wage-earners, leaving all others unpaid, the amount per worker would be less than the American worker *already gets* as his share of the National Income of the United States.¹ Thus it will be seen, that even in a hypothetical state of society, where Capital, Directing Ability, and Invention received no reward and *all* went to Labour, the total thus falling to Labour could only be substantial, provided the production of that society was high.

¹ See footnote 2, p. 47.

It is probably true to say that before the war the average income of the American worker was anything between £150 to £200 a year. Yet before its resources were developed by industry and agriculture, man was no richer in America than elsewhere. Its wealth did not grow on trees. The Red Indian in the old days was as poor as the Indian or Chinese labourer to-day. In other words, precisely the reverse of what is generally believed on this subject is in fact true. The vaster the operations of Capital in a country the greater inevitably is its general prosperity and the prosperity of its masses—assuming, of course, that the latter are not slave labourers.

I say, then, that looking only at the facts of the world about us and leaving popular theories to look after themselves, it is certain that the greater the number of active capitalists in a country the greater its general prosperity, provided, of course, their wealth is used for its development. The reason of this apparent paradox is that in the process of creative industry no man can make £10 without causing £90 to go directly or indirectly in some form to others. He may try to, but that does not matter. An examination of the general results of industry clearly establishes the fact. The reward of capital does not, in fact, average 10 per cent. Taking 100 concerns haphazard in the Cotton industry of Great Britain, I find that the "profits" only averaged $5\frac{1}{4}$ per cent. for the twenty years ending 1913. I have shown in

the case of the Ford industry that while the profits of Ford are said to have been £12,000,000 in one year, that sum is only a fraction of what that enterprise saved the world in the same period. What is true in this case is true in a greater or less degree according to circumstances of all similar enterprises. Confusion of thought often arises in concluding that profits for the most part go to Capital. They do not. Capital, according to the demand for it, commands a more or less modest fixed rate of interest, which if unduly reduced could only have disastrous effects, for Capital is only another name for Savings, and unless Savings are to be ultimately worth while, it is obvious no one would save, and the inestimable national advantages accruing to all and sundry through their intelligent use would disappear. Profits in the widest sense of the term go mainly to the Community, to Directing Ability, to Invention, and to Labour, the part falling to Capital being quite a small proportion of the total. It is probably because in many instances the employer supplies both Capital and Directing Ability, that the idea of Capital being unduly rewarded has become so widespread.

If the gigantic force of human effort is to be maintained, the prospect of adequate reward for all is a quite essential condition. It is apt to be forgotten that for every man who makes an effort and succeeds, there are hundreds who make efforts and fail : and the world gets all this effort for nothing. If

the losses of industries and the cost of unsuccessful ventures were set against the profits and a balance struck for the last hundred years, I doubt if the net return would be found to be 5 per cent. Bearing upon this point the facts recently made public by the Federal Trade Commission in the United States are of great interest. After investigation it is found that there are 250,000 firms in the United States. Over 100,000 of these have no net income whatever. There are 90,000 of them which make less than £1000 per year. There are only 60,000 of them—one out of four—that make more than £1000 per year.

It has in fact been calculated that for every 20s. worth of gold which exists to-day in the world, at least 23s. has been spent in the effort to get it. That is to say, the outgoings of gold-mining, successful and unsuccessful, have exceeded its earnings by three shillings in the pound. Envy of success leads us to forget failure, and to ignore the enormous contribution to the world's welfare which even unsuccessful enterprise has often made. In reality the public pays very scantily those who engineer its great enterprises. The only reason they adventure at all is that they think they are going to reap a rich harvest every time—a hope in practice very rarely realised.

But now is it possible to deny that as the result of seventy or a hundred years of production—however indifferently organised—the worker in this country is immeasurably

better off? Ask the old men in your own town how much meat, butter, and food generally fell to the lot of the worker of their youth: ask them how many pianos and carpets and what sort of furniture generally was to be found in the cottages of the poor of those days: ask them how many books, theatres, amusements generally were within the reach of those workers—how much they travelled, what holidays they had, how many hours they worked, and what wages they got. Ask them whether in their youth there were hundreds of thousands of foremen, managers, chemists, engineers, such as are needed to-day in the industrial process. Ask them what was the general prosperity and size of the professional classes, such as doctors, architects, consulting engineers, etc. The reply will convince you, better than any words of mine can do, how absolutely false is the statement that the workman is no better off as the result of industrial development. If that be so, it may be argued, where is the necessity for change? The answer is simple. While I recognise that immense progress in general well-being has taken place, that progress has by no means been as great as it might be nor as rapid as it must be if we are to meet the growing needs and aspirations of our people.

The criticisms which have been levelled against the capitalist system in the past should have been levelled, not against the system, but against its abuses. And it is because I believe that given adequate safe-

guards and a conscious aim this system alone can satisfactorily lead us to the highest degree of development in the future, that I plead for such changes in it as will in my judgment secure to us the inestimable advantage it confers upon communities who make a really intelligent use of it. We might compare the past to a game of football played between teams with no rules laid down to govern them. It is no reflection either upon the intelligence or upon the physique of the players that the result was an Irish fair. The duty of the Government of the future is to lay down such rules as will secure that skill and energy have their due recognition ; that foul play is adequately penalised : and that the efforts of all the players are co-ordinated and directed to an agreed end.

If that can be once successfully accomplished, the quarrels and jealousies which arise inevitably in a scramble in which every man's hand is supposed to be against his neighbour will disappear of themselves.

CHAPTER XIII

THE FIRST MOVE

PRIMITIVE man sought by propitiating the Unseen Powers to increase the produce of his fields. We know now that it is fertilisers which count. We know, too, that the prayer was of value only in so far as it gave him increased strength to cultivate the soil after his manner. That is a typical illustration of the progress of civilisation, so to speak, in the concrete.

Not so very long ago, disease was regarded by the mass of mankind as a manifestation of anger on the part of some mystic power, supposed to dominate absolutely the affairs of man. So long as that view prevailed, hardly anything was done—quite naturally—to combat disease: equally naturally, the real causes of disease remained entirely unexplored. We know something about them now. We know so much, that disease itself has been robbed of half its terrors. Many of the most formidable maladies—plague, small-pox, typhoid, diphtheria—have been practically vanquished: but always by one weapon—the application of an increased knowledge.

It is not an exaggeration to say that during the past two hundred years man has gained

more definite knowledge of the forces of nature and of the means whereby they can be put to practical use than in all the thousands of years known to history. From the helpless creature of his environment he has passed to be sovereign lord of the earth ; but the measure of his steady triumph has always been determined by the degree in which he has won knowledge and applied it, ceasing to rely upon outside agencies and looking for the success of his efforts more and more to his own industry and his own resource. Now in the last analysis what is true of man generally is true of the individual communities in which he lives.

So long as the communal or national life was deemed to follow some mysterious law, regulating its growth and decay like that which governs the life of a plant, the rise and fall of nations was of course accepted as inevitable. Only during the latter part of the last century does this fatalism seem to have been challenged, and the truth even stated, that just as man, by the application of knowledge, may become the master of his fate, and just as by the application of science he may improve plants and the strains of animals and create new but enduring and improved forms, so may States and nations be created and improved by man's conscious action. And only in one country even then was the general principle fully applied. That country was Germany : and it is because the principle was there applied that Germany in a marvelously short time developed from poverty and

insignificance into a strong and wealthy World-Power. Her rise has all been "according to plan." America in the same period, and, in a lesser degree, this country also, awoke to the fact of the enormous possibilities of development "according to plan" so far as great business operations were concerned. But there they stopped. The principle of which the beneficent operation in the development of commerce was beginning to be apprehended and admitted was never applied to the development of the nation.

The development of which I speak is simply intelligent organisation, and implies nothing prejudicial to that sane freedom which every man of us loves, and for which millions are now suffering and dying. I am not urging the adoption in this country of Germany's methods. They would be futile and impossible in a nation with our traditions. But let us at least be open-minded enough to examine impartially the springs of Germany's power, and why it is that with a fraction of the resources of the Allies she has been able to offer so tremendous a resistance. The root reason simply is, that her national life has followed a definite and conscious aim. It has been an immoral aim. Had it been a moral aim, the results would have been just as beneficent as they are likely to prove disastrous. I would ask my readers to consider this point dispassionately. It is sometimes contended that Germany has been bestialised by the program which has made her powerful, and that German education (a vital part of

the German "plan") is responsible for the low ideals and standard which have startled the rest of the world. It is not true. Read the sequel to the great German victory when Arminius in 9 A.D. treacherously entrapped the legions of the unfortunate Varus in the marshes and forests of Northern Germany. It is recounted by Florus: "Nothing could be more terrible than this massacre of our legions in the midst of the marshes and forests: nothing more revolting than the outrages committed by the barbarians. They gouged out the eyes of some: of others *they cut off the hands.*" . . . Cæsar, Tacitus, and other Roman writers gave a similar account of Germany's method of warfare.

It is not so very long since we heard again of savageries remarkably like that, committed again by German soldiers. Yet assuredly it was not modern German education which taught the Germans of Arminius their ferocity. In the history of the Venerable Bede, who lived from A.D. 673-735 and who is the oldest British historian, there is a remarkable account of the arrival on these shores, in the middle of the fifth century, of the Angles, the typical German of those days. They came invited by the unfortunate Britons as allies against the Picts. Their procedure is thus described: "At first they obliged them (the Britons) to furnish a greater quantity of provisions than they required; and seeking an occasion to pick a quarrel, protested that unless more plentiful supplies were brought them they would break the

confederacy and ravage all the island : nor were they backward in putting their threats into execution."

Here is very clearly the beginnings of modern German Real-Politik. The German needed no education to teach him treachery and brutality. They came to him naturally.

There is no evidence whatever that the effort to organise rationally our national life would produce amongst us the monstrous perversity displayed to the startled world by the Germans in this war. It may be impossible to make a silk purse from a sow's ear, but it is at least equally impossible to make a sow's ear from a silk purse. Power wielded by men of moral purpose is wholly good, as power wielded by men of immoral purpose is wholly bad. Fire may nourish life or destroy it : water may destroy life or foster it. It depends absolutely upon the relations in which we put ourselves to these elements. The sharp sword of organised national life may indeed be a bane to the nation which wields it ; but it may be, in the hands of a moral nation, an instrument of blessing not merely to the nation, but to the world.

From the preceding chapters the reader will, I hope, have gathered that the development of production means life and not death to a people : and that profits are a condition of this life. The first move in the advance which I am urging is to get clearly understood the value of all that goes to make up the national life : to make men realise fully that, given a moral purpose, organised national

life, based upon production and development, can only lead to a higher and fuller life for the individual; and that the true function of profits, indispensable in our present phase of development, is to create opportunity. The opportunity thus created is the opportunity for service, giving to thousands who would otherwise remain drags upon the wheels of civilisation the chance of developing their faculties. And civilisation needs the strength of all, not of the few, for its fullest development.

The first essential, then, is that the nation as a whole should accept the policy of high and scientific production as its "conscious aim," and work wholeheartedly for it. If that condition is not fulfilled, the movement will fail. The mainspring must be individual action, and not State action. I challenge any one to demonstrate that there is the least chance of attaining the efficient production which I urge except by creating opportunity for the individual. I challenge him also to disprove the statement that the profits of creative industry are more than a very small part of the sum which those activities—inspired and paid for by the profits—save the community in the process.

The enlightened business man of to-day sees clearly that the measure of his success is almost directly in proportion to the degree of opportunity his operations create for others.

Our people have now had great experience of the workings of Government departments. They are, I think, practically unanimously

agreed that anything even approaching efficiency, as far as executive work is concerned, is a practical impossibility in their case. The officials are not to blame. They do splendid work under most difficult circumstances. The cause lies much deeper. The first elements of good organisation are lacking in the modern democratic Government office. A sound organisation implies the existence of a single head of high directing ability, exercising sole control and assuming sole responsibility. He must be supported by a number of expert assistants: and he must be able to draw on their advice, individually or collectively. Every man engaged, finally, must have one job, and must attend to his own job only. But there can be no such real authority as this in the Government work of a modern democracy: its exercise would not be tolerated. Any one who attempted to assume such dictatorial power would at once fall from his office. For that reason alone Government work is doomed necessarily to permanent inefficiency as compared with the work of a well-organised private firm. But again. The supreme head of a business organisation must be subject to the extreme penalty of ruin if he fails. Under no other stimulus are the majority of men in these positions likely to continuously put forth their best. But no Government can be ruined in this sense. The failure of a Government department does not entail the inevitable consequences which the failure of a private firm does to its owners. Nor is it

easy to see how it can be made to do so. However, it is unnecessary to labour this point further. The relative inefficiency of the Government Department in business is a byword, and the pages of recent reports of the Committee on National Expenditure are strewn with glaring illustrations of it.

Is, then, the Government to take no part in the movement we are considering? On the contrary, it will take a part only second in importance to that individual co-operation which I have called its mainspring. But in the main its part will be confined to the important function of formulating the national plan of development, and subsequently inspiring its fulfilment through individual enterprise. It will probably be found, if great reconstructive work of the sort indicated is decided upon and planned by the Government, that the highest percentage of good results will be obtained by leaving the execution of the Government plans to competitive private interests—subject, of course, to adequate national standards and safeguards.

Now I would appeal to all those who most sincerely believe that our present system is fundamentally wrong not to refuse to co-operate in the creation of better conditions by developing those methods and processes under which the most rapid progress has been made everywhere. They should not treat with contempt those methods and processes the advantage of which has been proved by universal experience. The world has advanced by gradual evolution, not by violent

revolution. Violence destroys much and creates nothing; and history shows that those who have striven to benefit humanity by using violent means have invariably defeated their own aims and have brought only misery to those they meant to benefit. The instruments of modern organisation and of modern industry may be imperfect. Nothing is perfect in this world. Our most perfect surgical instruments will be the wonder of future generations. Still every one must admit that the end to which I propose our modern organisation of industry should be applied must be wholly beneficial to the masses. And this end will be reached under the proposals I have suggested far less wastefully and far more certainly than under any other plan that has been put forward.

Who is to benefit by the new homes, schools, food, clothes, and the new commodities generally? Clearly no one but the public. The profits incidental to the creation of these things are the merest fraction of their value. Competition will see to it that the man who does not earn his profit does not get it. Yet if he does earn it, is not the labourer worthy of his hire?

To co-operate loyally towards the realisation of the ends which I have sketched is to bring nearer to every man and woman in the land the fullest possible opportunity of a rich and useful life. That is the real goal of all sane human ambition. Few men really want more.

But I may be misunderstood if I close this chapter without a reference to one obvious

criticism. I may be told that the golden hopes which I honestly believe are held out by the policy of high production are in reality a mirage; and that this industrial Utopia, like so many others less solidly founded, is the idle babble of a benevolent dreamer. Before the war, there was hardly any one who would not have believed that. But now—the cost of the whole will be assuredly less than half the cost of the war. And if we can spend £6,000,000,000 on war—on an enterprise on which we can never hope to see one farthing's worth of return—are we to say that we cannot afford to spend on our Peace offensive, let us say, £2,000,000,000 in the certain knowledge that every penny of it will bring a rich return—and not merely in money, but in the health and happiness of the whole people?

What is necessary—and it is all that is necessary—is that we should determine that the British Empire is not to be a mere geographical expression nor a code of law and custom administered by indifferent officials, but a going concern, in the fortunes of which there is not one of us but has a keen personal interest, and in the work of which there is none but has his part to play. There is no single thing here advocated which a go-ahead business man would hesitate for a moment to do where his own business was concerned. Why should we hesitate to put our own country in order with the same zeal that the intelligent private trader shows in his purely private affairs?

It can be done ; but the nation must do it for itself. No Government can give the people the prosperity promised. No politicians and no Government official can recreate our industry. Successful business means always following the line of greatest resistance. Government action, from the causes which I have set out, follows invariably—and inevitably—the line of least resistance.

CHAPTER XIV

CONCLUSION

LET us now assume that the understanding urged in the last chapter will be attained. How are its fruits to be garnered? How is effect to be given to the desire of a free people to pull full weight in peace as in war?

"Democracy," the Prime Minister has told us, "is a bad war-maker." I am afraid the evidence is overwhelming that it is quite vain to expect from Democracy as it has hitherto been conceived and practised the effective execution of a great program of peaceful development such as I have sketched in bare outline. In a pure Democracy, a directing authority can scarcely exist. Yet without such authority there can be no efficiency. Our recent history is full of illustrations of this practical weakness in the accepted form of government "of the people, for the people, by the people." For it is a tragic truth that most people have little or no idea of what is necessary for the good of the community or for their own ultimate good, and resent change in itself, even when it is most obviously beneficent, as distressing and irritating.

The best minds of the nation have for years told us that our national education was

a wasteful, disorderly chaos. But has any real attempt been made to set it in order with a clear perception of a definite end? None whatever. A great deal of energy has been wasted in timid tinkering with the side issues of education: we have still no national education.

The best minds of our country have pleaded for decades in vain that the only lasting foundation of an ordered society is the family, and that good houses for the people are an indispensable condition of a sound family life. Have we therefore left off building slums? Not a bit of it.

Others have urged the need for the development of our neglected fields. The fields were suffered to run more and more to pasture. Crowded out of the towns, starved out of the country, discontented with their present lot and hopeless of improving it in their native land, the people found a remedy for their evils in emigration, and the Government encouraged this fatal remedy.

Our railways and ports were so inefficient before the war that it cost nearly double as much to carry goods in this country as to carry them similar distances in Germany or America. The Chairman of the Montreal Harbour Commissioners recently visited the ports of Europe, seeking a model upon which to base further developments in Montreal. He did not find his model in this country. He told me that we were hopelessly "left" in the matter, and that we had only one port worthy of the name—Manchester.

Examples of this kind could be multiplied

almost indefinitely. They are conclusive evidence to my mind that the Democratic ideal cannot be followed out absolutely in practice ; for until masses of men really care, no Government dare act. We must realise, as free men, that we were in real peril before the war of becoming enslaved to our own collective ineptitude, rather than being the free men of our imagination.

The remedy lies in a new conception of the executive functions of Government. We must understand that only in so far as the main arteries of our national activities are developed and function according to plan, can the individual find full opportunity for development. Democracies, if they are to survive, must cheerfully shoulder the task of self-discipline. They must pick the best brains and instruct them to govern. The people must clearly tell its governors : " We want our land to produce as much as Belgian land. We want our transport to be as economically conducted as that of America. Our industries must be second to none. We must have an efficient power supply." It will be for the Government to develop a national plan for the accomplishment of these things. The obvious way to do this will be to split up the task into its elements and submit each in turn to minds most competent to pronounce upon them. The solution of the agricultural problem would thus ultimately be in the hands of the agriculturist instructed by the Government. The solution of the transport problem in the hands of a committee of

transport experts instructed by the Government. And a small body analogous to the War Cabinet might direct and harmonise the general plan of the whole operations. This is what the Government has been obliged to do for the efficient conduct of the war. It will probably be found to be quite as essential for the work of intelligent reconstruction after the war.

This little book is not intended to furnish any ready-made plan for a new model in government. Its aim is confined to an attempt to create the consciousness of the need for certain reforms. All men of action know that he who never starts until he sees clearly every move in the game, is lost. For he will never start. *We are learning how to run the war while waging it; we shall learn how to conduct the great operations of peace intelligently when we begin to make the attempt to do so, and not before.* We must have the elementary faith to believe that as we reach each new turning while we press forward in the undiscovered country, the road will be revealed to us. It is a great task that lies before us, of the highest moral and ethical as well as merely material interest. Great questions will have to be solved, such as how far the State is to participate directly or indirectly in the development of the new industrial order, and how far the enterprises necessary are best left under private management. It would be a mere impertinence to attempt an answer to such questions at present. The answer will only be possible

at all when the problems involved have been examined by the best brains available: it will not necessarily be the same in all.

Until such time as these questions have been subjected to exhaustive and impartial research, each one of us should keep an open mind. In this manner the controversy might be shifted from the level of a political scramble, and ultimately determined in a really scientific manner.

The obvious question for the reader is—
“What, this being so, can I do? There is no chance of the Government doing anything serious. Will not all these fine schemes end in talk?” Undoubtedly they will, so long as each of us expects his fellow to do the work and himself does nothing. But if every individual who reads this book would spread its message, the first step would have been taken. *Before we can ask our Government to conduct our Peace Offensive, we must give clear evidence that we desire it to do so.* The carrying out of my proposals will no doubt mean some interference with our individual liberties, but uncontrolled liberty means anarchy. We require ordered liberty, and order is impossible without discipline. Are we who survive this great testing-time going to cavil at such an interference, if it be proved necessary for our country's good? I believe not. Those who hesitate should look across the waters and think again of the million graves where our brothers and our friends are lying. Are we to allow history to record that we were unworthy of this supreme sacrifice?

As I walked along Westminster the other day I saw a soldier wheeled along in a chair. He had lost both legs, but his heart was undamaged, for there was laughter in his eyes. These men have given their limbs and their lives that we might live, and there is no man who does not wish the life so dearly won to be full and ample for every man and woman. But to assure it, we must follow their lead, each doing what he can according to his strength. We shall not be asked for any such sacrifice as theirs; happy perhaps if we were, for then we should be joint heirs visibly in that kingdom which they have redeemed by their blood; and there would be no more place for the blindness which cannot even now see our common heritage, or the torpor which views with indifference a greater and a better Britain.

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